



March 9, 2026

Rajinder Sahota
Deputy Executive Officer
California Air Resource Board

Via electronic docket: [Cap-and-Invest](#) and [Mandatory Reporting](#)

Re: Cap-and-Invest and MRR Proposed Rulemakings

Ms. Sahota,

Thank you for the opportunity to comment on the California Air Resources Board's (CARB) proposed rulemaking for both the Cap and Invest program and the Mandatory Reporting Rule (MRR). Growth Energy is the world's largest association of biofuel producers, representing 97 U.S. plants that each year produce more than 9.5 billion gallons of renewable fuel; 128 businesses associated with the production process; and tens of thousands of biofuel supporters around the country. Together, we are working to bring better and more affordable choices at the fuel pump to consumers, improve air quality, and protect the environment for future generations. We remain committed to helping our country diversify our energy portfolio in order to grow more green energy jobs, decarbonize our nation's energy mix, sustain family farms, and drive down the costs of transportation fuels for consumers.

Maintain Full Exemption for Biofuels

As CARB knows, bioethanol and other exempt biofuels make up the bulk of the credits generated under the state's Low Carbon Fuel Standard (LCFS) and have been pillars on which the program's GHG emissions reductions have been built. California has the potential to further reduce GHG emissions by 1.9M tons per year with the approval of E15 alongside the continued growth in the use of E85.^{1,2} We believe the appropriate regulatory authority for bioethanol remains the LCFS, and ARB should maintain bioethanol's exemption in the Cap-and-Trade program. This allows California to continue maximizing bioethanol as driver of GHG reductions.

Additionally, in the absence of an exemption the increased costs to an ethanol producer, which would not be the reporting party or the obligated covered entity, would outweigh the potential benefits of obligation and coverage by the cap. These increased costs could impact the entire supply chain, with increases in costs for anything from data collection and reporting to verification.

¹ Air Improvement Resources, "GHG Benefits of E15 Fuel in the United States", Nov. 30, 2020, [National E15 Analysis Final \(airimprovement.com\)](#)

² CARB Annual E85 Volumes: [Alternative Fuels: Annual E85 Volumes | California Air Resources Board](#)

Therefore, we respectfully request CARB reconsider obligating the denaturant used in fuel ethanol entering California under the cap and invest program. If CARB continues the rulemaking process with the obligation for denaturant intact, we request CARB consider a delay in enforcement, providing ethanol producers and its partners in the supply chain time to adjust to this new obligation, its costs, and its ramifications.

Clarifications May Be Required in Cap-and-Invest and MRR

As CARB is aware, for tax purposes biofuel producers are required to use denaturant in all ethanol sold as fuel, per 40 C.F.R. § 80.2.³ Furthermore, the vast majority of denaturant uses natural gasoline. Yet the MRR proposal requires fossil denaturants to be reported as RBOB. If CARB maintains the current proposal as it relates to reporting and obligation of fuel ethanol denaturants, CARB should either clarify whether natural gasoline should be categorized as RBOB or add natural gasoline as an option for reporting denaturant.

Finally, we believe proposed sections 95852.1 and 95852.1.1 require some clarification. While section 95852.1.1 appears to have previously applied only to biogas and biomethane, ambiguous language in proposed section 95852.1 could be interpreted to apply to all biomass-derived fuels. Additionally, language in the Initial Statement of Reasons makes it apparent that 95852.1 applies only to biogas and biomethane. Assuming 95852.1 and 95852.1.1 does apply only to biogas and biomethane, we recommend CARB adjust language in section 95852.1 to clarify that the section and its requirements only apply to biogas and biomethane.

We are happy to discuss these concerns further and provide any other technical assistance necessary during the rulemaking process. Thank you for your consideration of our comments.

Sincerely,



Chris Bliley
Senior Vice President of Regulatory Affairs
Growth Energy

³ <https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-80/subpart-A/section-80.2>