



March 9, 2026

Rajinder Sahota
Deputy Executive Officer
California Air Resource Board

Via electronic submittal to regulatory dockets: [Cap-and-Invest](#) and [Mandatory Reporting](#)

Re: January 20, 2026 Cap-and-Invest and MRR 45-day Regulatory Amendment Packages

Ms. Sahota,
RPMG Inc. (RPMG) appreciates the opportunity to provide written comment on both of the Initial Statement of Reason packages for the Cap-and-Invest (C&I) and Mandatory Reporting Regulation (MRR) released on January 20, 2026. RPMG is a biofuel marketing company supplying low-carbon ethanol to the California gasoline market and inedible Distillers Corn Oil (DCO) feedstock to the biodiesel and renewable diesel refining sector. As a fuel and feedstock supplier, we hold an interest in understanding the C&I and MRR compliance frameworks. Our comment in this letter are focused on the potential inclusion of ethanol denaturant as an obligated fuel under C&I, and a separately reported component under MRR.

RPMG would like to initially provide support for CARB's various amendments recognizing the changing nature of the fuels industry with respect to renewable liquid fuels, in general, and biorefining and Renewable Diesel specifically. These changes will allow those facilities who have invested in transitioning to biofuel production the ability to no longer have a carbon obligation for renewable fuels. These key technical changes are needed to support the State's continued reliance on renewable liquid fuels to help meet its statutory climate goals.

Cap-and-Invest

We reiterate our opposition to including ethanol denaturant as an obligated liquid fuel under the Cap-and-Invest umbrella.¹ RPMG is not currently an obligated or reporting party under C&I or MRR, and won't be given the point of obligation/reporting isn't changing in this amendment package. However, we believe this change is not a cost-effective GHG emissions effort. It is important for CARB to recognize that classifying standard ethanol denaturant creates a multitude of costs, potentially through the entire supply chain.² This proposed change will increase costs for reporting, verification, transactions, personnel time and IT infrastructure, and other business-related costs.

While we would like to in the future integrate biomass-based denaturants into our supply chain, there are various regulatory hurdles outside of California that prevent full integration and use, as renewable denaturants are not certified in all regulatory programs. Even if the industry could fully replace fossil denaturant with a biomass component, most likely Renewable Naphtha, the GHG emissions reduction potential, do not justify the added regulatory costs and complexity. Assessing this quantitatively, there is very minimal impact on GHG reduction in play. Replacing a quarter of traditional denaturant with Renewable Naphtha, a very optimistic goal, would only result in an approximate 57 *thousand* metric ton reduction, or 0.02 percent of the 2026 Program Budget (the 'Cap').

¹ RPMG's May 31, 2024 [written comments](#).

² Today's industry standard denaturant is Natural Gasoline and not RBOB as stated in the regulatory packages.

The ethanol industry is currently required to denature. An activity that does nothing to enhance the properties of ethanol in fuel applications, it simply renders it unfit for consumption. Therefore it is important to recognize that future requirements for denaturing fuel ethanol may be removed altogether.³

We urge CARB to recognize that including denaturant as an obligated fuel under the Program imposes far too many costs for very little benefit and little GHG emission reductions, and therefore should be struck from the final adopted rule.

Mandatory Reporting

While we remain in opposition to including denaturant in these Programs, there are some components of the proposed amendments that must be clarified if CARB opts to pursue this as a policy option.

It is important to distinguish RBOB from Natural Gasoline. The industry standard for denaturant is Natural Gasoline, which is already defined in MRR. RPMG recommends the regulation be updated to allow for Natural Gasoline to be reported as the default denaturant.

Regarding E85 reporting in Section 95121(b)(1), the proposed amendments do not clearly specify if CARB considers E85 to be two reportable components (Pure Ethanol and the remaining volume) or three components (Pure ethanol, denaturant, and the remaining volume). Clarity should be provided so that reporting requirements are clear.

Another key mechanism for reporting that may result in duplicative reporting is § 95121 (d)(10) that requires fuel suppliers to report LCFS information. This section of the proposed amendments is unnecessary because fuel suppliers have reported all of that information under the LCFS program and this section in the MRR is requiring them to report the same information CARB can access internally. CARB should avoid duplicative reporting.

Conclusion

RPMG maintains its position to oppose classifying denaturant as an obligated and reported fuel in the Cap-and-Invest and MRR Programs. We recommend reverting these specific amendments from the regulatory proposals.

We appreciate the opportunity to provide written comments and look forward to continued discussions. If you have questions, I can be reached at jon@tradesmanadvisors.com.

On behalf of RPMG,

/s/

Jon Costantino
Tradesman Advisors, Inc.

³ <https://ethanolproducer.com/articles/in-doubt-about-denaturant>