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March 20, 2026

Independent Emissions Market Advisory Committee (IEMAC)
c/o California Environmental Protection Agency
1001 I Street Sacramento, CA 95812

Submitted via email: iemac@calepa.ca.gov

RE: POET Comments on 2025 IEMAC Annual Report

Dear IEMAC:

POET appreciates the opportunity to comment on the 2025 Annual Report of the Independent Emissions Market Advisory Committee. As the world's largest producer of bioethanol and a key stakeholder in California's transportation fuel supply, POET actively participates in CARB rulemakings related to fuel emissions programs. POET has also participated actively in promoting the adoption of E15 in California. POET recently submitted comments in response to CARB's Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based compliance Mechanisms Regulation (the "Proposed Amendments").

I. Overview

POET's vision is to create a world in sync with nature. As the world's largest producer of biofuel and a global leader in sustainable bioproducts, POET creates plant-based alternatives to fossil fuels that unleash the regenerative power of agriculture and cultivate opportunities for America's farm families. Founded in 1987 and headquartered in Sioux Falls, POET operates 35 bioprocessing facilities across nine states and employs more than 2,600 team members. With a suite of bioproducts including POET Distillers Grains, POET Distillers Corn Oil, POET Purified Alcohol, and POET Biogenic CO₂, POET nurtures an unceasing commitment to innovation and advances powerful, practical solutions to some of the world's most pressing challenges. Today, POET holds more than 140 patents worldwide and continues to break new ground in biotechnology, yielding ever cleaner and more efficient renewable energy. Through technological innovation, investments in carbon capture and renewable energy, and programs to reduce on-farm emissions, POET is steadily lowering the CI of its fuel to meet the ambition of California's sustainability goals. With appropriate regulatory signals, POET is well-positioned to produce net-zero carbon bioethanol to further decarbonize on-road transportation and to serve as a feedstock for the next-generation fuels that will power maritime transportation, the aviation industry, and other hard-to-electrify sectors of the economy.

II. CARB should maintain the exemption for bioethanol denaturant in the Cap-and-Invest program.

POET is concerned by the removal of the bioethanol denaturant exemption in the Proposed Amendments, which will not lead to meaningful carbon reductions and may actually hinder California’s sustainability goals by increasing the cost of low-CI bioethanol. In the Initial Statement of Reasons (“ISOR”), CARB explains that the “exemption for the fossil denaturant is deleted from the Regulation” so that the treatment of denaturant—which is added to bioethanol for compliance with federal alcohol fuel tax regulations—is “[c]onsistent with the Program’s treatment of other supplied fossil fuels.”¹ But denaturant—a small volume of fossil fuel added to bioethanol for federal alcohol tax compliance purposes—is a *de minimis* contributor to transportation emissions in California. To put it in perspective, assuming full adoption of E10 in California and 2% fossil denaturant in bioethanol, fossil denaturant would comprise approximately 0.2% of a gallon of gasoline at the pump compared to the 90% petroleum fuel would comprise. That is about 450 times more petroleum fuel in a gallon of E10 gasoline compared to the denaturant.² Expanding the cap and invest program to apply to this tiny increment of fossil fuel emissions achieves little and ultimately serves only to expand reporting requirements and increase the cost of bioethanol shipped to California, which will now reflect an increased economic cost of compliance.

CARB’s cost-raising proposal comes at the same time California is trying to boost bioethanol volumes and cut gasoline prices following the passage of AB 30, which approved the statewide sale of E15. Moreover, the Proposed Amendments fail to provide a meaningful incentive to encourage biofuel producers to use alternative denaturant products such as renewable naphtha, which is currently prohibitively expensive despite existing incentives.³

Finally, CARB’s LCFS program already accounts for denaturant as part of the lifecycle emissions of biofuels. Fossil denaturant added to a gallon of bioethanol increases the biofuel’s carbon intensity and reduces its LCFS credit value. CARB should maintain its oversight of biofuels, including associated fossil denaturants, through the comprehensive LCFS program and avoid policies conflicting with the state’s E15 goals. POET therefore urges CARB to reconsider the Proposed Amendment and maintain the fossil denaturant exemption.

III. Conclusion

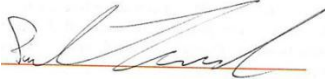
POET appreciates the opportunity to comment and looks forward to continued cooperation with CARB in connection with its decarbonization goals. If you have any questions, please contact me at Paul.Townsend@POET.com or (605) 756-5612.

¹ ISOR at p. 150.

² Even if there were full adoption of E15 in California, bioethanol denaturant would make up about 0.3% of a gallon of gasoline at the pump compared to 85% petroleum fuel, meaning there would be 283 times more petroleum fuel compared to denaturant.

³ See, e.g., DiMarket, Market Deep Dive: Exploring Renewable Naphtha Trends 2026-2034, <https://www.datainsightsmarket.com/reports/renewable-naphtha-85875> (Jan. 31, 2026); <https://www.inkwoodresearch.com/reports/bio-based-naphtha-market/#:~:text=The%20cost%20of%20conventional%20naphtha,at%20the%20lowest%20possible%20cost.>

Sincerely,

A handwritten signature in black ink, appearing to read "Paul W. Townsend", is written over a thin red horizontal line.

Paul W. Townsend
Regulatory Counsel