



August 20, 2014

Sent via email to:

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Honorable Members of the Board
California Air Resources Board
Sacramento, California 95814

Re: Re-Adoption of an Improved Low Carbon Fuel Standard (LCFS) Program

Honorable Members of the Air Resources Board:

On behalf of the Coalition for Renewable Natural Gas we applaud your continued efforts working towards the re-adoption of an improved Low Carbon Fuel Standard (LCFS) Program.

The Coalition for Renewable Natural Gas is a non-profit trade association representing leading companies within each sector of the renewable natural gas (RNG, biomethane or upgraded biogas) industry. Together, we champion a commercially viable, ultra-low carbon, transportation fuel (RNG) that helps reduce greenhouse gas (GHG) emissions, consistent with California's policy goals.

The Low Carbon Fuel Standard is a vital market driver that has accelerated the use of RNG in California. Increasingly, renewable natural gas is registered and

dedicated for transportation end-use. Our members are investing in infrastructure to expand the retail availability of renewable natural gas – the lowest carbon-intensity (CI) fuel available. This is possible because of the LCFS.

As the Board (ARB) moves through the public process towards a re-adoption of the LCFS there remains an opportunity for you to further bolster and improve the program.

Respectfully, we request that you incorporate the three following actions as part of an improved and re-adopted LCFS. We believe each will further increase and accelerate private sector investments that will ultimately enable the LCFS to achieve its current goals and future program objectives.

1. ARB should maintain strong compliance curves through 2020 and establish stronger compliance curves to continue progress beyond 2020. Compliance curves will determine the scale of the market opportunity, and therefore, the level of private sector interest in expanding the availability of low CI fuels. That, in turn, will be the foundation for investment in infrastructure and in innovative production strategies in California.
2. ARB should adopt transparent and predictable market rules to ensure that temporary challenges in the supply of low CI fuels or LCFS credits will not disrupt the market for either. Adoption of a Credit Clearance Market will protect markets in the event of a lack of liquidity in supply of either low CI fuels or LCFS credits. A price floor will sustain investor confidence in the event of temporary excess liquidity in the supply of either. These steps will solidify investor confidence in the LCFS market opportunity.
3. ARB should clearly state that producers who file new pathway applications will be able to generate credits for all fuel delivered under that pathway for two full calendar quarters prior to the quarter in which the ARB provides written confirmation that the pathway application has been deemed complete. This will ensure that producers are incentivized to file and process applications in a timely manner while maximizing credit generation for fuels that are approved by the ARB. This would also mitigate concerns regarding the potential lost economic value of credits that can be generated on fuel deliveries made during the pathway application review process, and will accelerate investment in commercial deployment of low CI fuels.

Thank you, again, for your continued engagement and responsiveness. We pledge to continue working with you in support as you cross the finish line towards an improved and sustainable Low Carbon Fuel Standard.

Sincerely,



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