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October 10, 2014

Mr. Richard Corey  
Executive Officer  
Edie Chang  
Deputy Executive Officer  
California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814  
VIA EMAIL TO [rcorey@arb.ca.gov](mailto:rcorey@arb.ca.gov) and [echang@arb.ca.gov](mailto:echang@arb.ca.gov)

**RE: Southern California Gas Company Additional Comments on ARB's Low Carbon Fuel Standard Reconsideration and CA-GREET Model Update as Presented at the August 22, 2014 Workshop**

Dear Mr. Corey and Ms. Chang:

The Southern California Gas Company (SoCalGas) appreciates the opportunity to provide additional comments on the Low Carbon Fuel Standard (LCFS) reauthorization and the associated GREET model update, which are important parts of the ARB program to address the challenges of climate change, as directed by AB 32. SoCalGas supports reauthorization of ARB's LCFS. We see great opportunity for this program to provide powerful incentives to the increased production of low carbon fuels for transportation, such as renewable natural gas produced from biogas from landfills, wastewater treatment plants, dairies, and other organic waste facilities. The renewable natural gas industry needs the type of clear government support that the LCFS program can provide. With clear, stable government policy direction, the industry can gather the necessary financial backing from investors. This certainty is needed now because potential investors are currently unsure of the future of this industry.

Regrettably, we continue to be concerned that the recent workshop proposal to update the CA-GREET Model, which informs the LCFS pathway analysis, as well as other ARB policies, will not be based on the latest and best information. As we noted in our earlier comments:

"The Environmental Defense Fund (EDF) is overseeing a series of studies on each area of the natural gas supply chain, in order to develop a fact-based estimate of the methane leakage rates for various parts of the natural gas system.... By adopting a revised CA-GREET model and establishing new CIs for fuels in the absence of these data, ARB runs the risk of finding the model and resulting CIs out of date soon after adoption, creating a need for a subsequent update."

Further, the calculations presented by staff at the CA-GREET workshop dramatically increase the carbon intensity of natural gas, relying on older data regarding methane emissions from the natural gas supply chain. This proposed increase is going in the **opposite direction from already existing studies**

(e.g., EPA's *Inventory of U.S. Greenhouse Gas Emissions and Sinks*, released April 2014). EPA's inventory showed the following (emphasis added):

**Methane Emissions from Natural Gas Systems (million metric tons of CO<sub>2</sub> equivalent)**

Stage	1990	2005	2008	2009	2010	2011	2012	1990 - 2012
Field Production	56	67	64	54	48	43	42	-25%
Processing	18	14	15	16	15	18	19	4%
Transmission and Storage	49	41	43	44	43	45	44	-12%
Distribution	33	30	30	29	28	28	26	-22%
Total	156	152	152	143	135	133	130	-17%

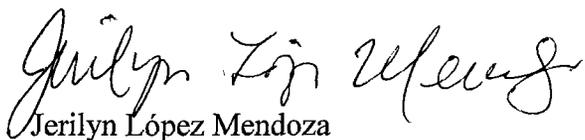
In the update of the CA-GREET Model, ARB is proposing numbers that are directly oppositional to the EPA data shown in the above chart and will undermine the regulated community's confidence in the LCFS program. A carbon intensity increase of natural gas will make potential investors uncertain and reluctant to go forward investing in important low-carbon fuels such as renewable natural gas produced from biogas. The staff's projected update of the CA-GREET Model will result in a LCFS program that will be questioned by many, because it relies upon data that is shown to be out of date, soon after adoption.

The adverse consequences of updating the CA-GREET Model without the benefit of the latest and better information will continue to bias policy making at ARB. The Technology Assessments and the Sustainable Freight Strategy will all rely upon this update. These policy matters are scheduled to be presented to the Board in the very near future. The methane emissions data used in the Technology Assessments and Sustainable Freight Strategy calculations will need to be updated soon after the LCFS authorization to keep ARB staff's various commitments to the Board and the public to base policy on the latest and best information.

Fortunately, we believe there is a path forward. **We encourage ARB to reauthorize the LCFS as planned in February 2015. But the update of the CA-GREET Model can be appropriately addressed by having ARB staff return to the Board with an updated model within five months after release of the relevant studies** (most to be released from January through June 2015). This will acknowledge the importance of the imminent release of at least nine important new methane emissions studies, and the need for confidence that ARB policy is based on the latest and best information.

We look forward to additional discussion with you on this important policy decision and the scientific data necessary to make the most informed decision, with the best and newest information available.

Sincerely,



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 Environmental Affairs Program Manager  
 Policy and Environment  
 Southern California Gas Company