

Memorandum

To: ARB Staff
From: Obi Ofoegbu, ampCNG
Date: May 15, 2017
Re: Comments – ARB Workshop on Fossil and Renewable Natural Gas, Including Biomethane From Dairy and Livestock Operations

ampCNG was honored to be a part of the stakeholders workshop on 04-17-2017. The ARB staff has shown tremendous support for Dairy and Livestock Operations by approving digester pathway applications that use an “avoided methane venting” baseline scenario. ARB proposes using the same quantification and verification framework set up by the Livestock Protocol as operating conditions to successfully generate LCFS credits from Livestock projects. ampCNG applauds the LCFS team for their diligence and hardwork in using feedback from stakeholders to develop a program that successfully credits livestock projects with their enormous GHG reduction benefits.

Comments and Feedback

- A. **Attribute storage** – ARB has proposed a two-quarter limit on the storage of renewable attributes associated with biogas. ampCNG strongly opposes this proposal because:
- i. RFS and ARB approval can often be delayed for several months due to issues outside of the producer’s control. Thus, with a two-quarter limit on attributes, an approved project may have stored biogas while awaiting approval, only to lose the associated attributes once approval finally occurs.
 - ii. The benefits that ARB seeks with its LCFS program will be realized no matter when the biogas gets stored.
 - iii. QAP and further verification will prevent double counting, rendering the need for a two-quarter constraint unnecessary.
 - iv. The commercial viability of projects requires that such projects be allowed to store biogas to ensure reasonable payback and drive further development of renewable natural gas projects.

For these reasons, biogas that has been produced needs to be able to generate credit no matter the time frame.

- B. **Allocation of Flare Credits** – ARB has decided to define the LCFS system boundary as biogas going to the gas upgrade system from the biogas control system. By doing so, ARB will not allocate LCFS credits to methane destroyed by the flare prior to the gas upgrade system. ampCNG believes that the unallocated credits should still be claimed via cap and trade as carbon offsets. These credits could still be awarded using the percentage allocated via the current proposed dairy manure GREET model. Also, the regulatory burden placed by ARB to participate in both the Livestock Protocol (consultants, verification body, registry





costs) require that these projects participate in both Cap and Trade and LCFS in order to realize the full potential of the Registry Offset credits generated.

- C. **Livestock Protocol Timing** – ARB has asked for comments on the timing of livestock protocol which is on a 12 month rolling schedule. This schedule is different from the LCFS which is a calendar year. ampCNG believes that since the livestock protocol looks at the past for credit reporting – previous 12 months of operating data plus time for the 3rd party verification body to vet and report the data to the official registry – it will be impossible to allocate credits accurately. In order to maintain market integrity for the credits, ampCNG suggests that any over-generated credits, due to this inherent time lapse, be made up via future generation of credits. Rather than invalidate previously generated credits, a balance on the account should be issued and the reporting party can either purchase credits or take future credit generation to make up for the negative balance. This allows credit trades to be assured and maintain confidence in the credit market space.
- D. **Third Party Verification** – ARB seeks guidance on current verification methodology used to prevent double counting. ampCNG believes that the QAP verification method is sufficient to prevent double counting because each title holder in the contractual pathway attests by written affidavit the volumes involved with the transaction. These volumes are also verified by the QAP provider using actual invoices and meter statements to ensure the numbers are balanced and there are no over-generation of renewable attributes (RINs). QAP site visits occur every 6 months and ampCNG believes this is sufficient and both LCFS and RFS can benefit with information from the same visit.
- E. **Estimation of Energy Use** – ampCNG strongly believes that energy used in transporting manure should be estimated. The burden of monitoring and verifying data involved in manure transportation significantly outweighs any benefits of using actual versus estimated data. Energy use by the biogas control system can be provided and verified easily using meter statements and invoices and thus the scope of the actual energy usage upstream of the gas upgrade system should be limited to just the biogas control system.
- F. **Transparency of Renewable Attributes** – ampCNG opposes publishing biogas source information which includes actual reported biomethane quantities. The proprietary nature of this information is critical to the continued success of a project, and publishing such information is not necessary to prevent double counting of renewable attributes. ampCNG believes QAP verification is sufficient to ensure transparency in the industry. The RFS maintains a database of projects--ARB should publish maximum capacities for these projects but not actual operating data.

