



September 5, 2017

California Air Resources Board
Industrial Strategies Division, Transportation Fuels Branch
P.O. Box 2815
Sacramento, CA 95812

RE: Low Carbon Fuel Standard 2018 Amendments Pre-Rulemaking Concept Paper

Dear Air Resources Board Members and Staff,

The Coalition for Renewable Natural Gas (RNG Coalition) thanks you for the opportunity to provide written feedback on the Low Carbon Fuel Standard (LCFS) 2018 Amendments Pre-Rulemaking Concept Paper (Concept Paper) posted July 24, 2017. While we appreciate staff's goal of improving the program's overall effectiveness we believe that the proposed amendments regarding carbon intensity (CI) verification could unintentionally have the opposite effect by undermining the market for LCFS credits generated by the renewable natural gas industry.

The RNG Coalition is a non-profit organization based in California that represents and provides public policy advocacy on behalf of the renewable natural gas (RNG, biomethane, upgraded biogas) industry in North America. Our membership is comprised of leading companies operating in each sector of the industry, including but not limited to producers of greater than 90% of all the RNG produced in the United States and Canada.

The RNG Coalition supported the re-adoption of the LCFS in 2015 and advocated tirelessly to ensure passage of AB 398 (E.Garcia), which codified the ARB's authority to implement and administer the LCFS, through the California State Legislature in July of 2017. Renewable Compressed Natural Gas (R-CNG) and Renewable Liquefied Natural Gas (R-LNG) derived from RNG (instead of from conventional natural gas) are ultra-low carbon fuels with approved pathways under the LCFS. RNG can also be supplied as a source of process energy in the production of low-carbon transportation fuels.

We believe that the LCFS provides California's best opportunity to reduce greenhouse gas emissions from transportation fuel sources while simultaneously reducing our country's

dependence on foreign oil by creating demand for clean, domestic and renewable transportation fuel. The use of RNG has added benefits in terms of helping California meet additional policy goals by capturing and converting for productive end-use methane that would otherwise be flared (combusted and wasted) or worse, escape fugitively into the atmosphere as a highly potent short-lived climate pollutant from dairies, wastewater treatment and anaerobic digestion facilities, and landfills. The development of RNG production facilities foster improved management of waste streams, reduce soil and water impacts and stimulate California's clean energy economy.

We agree with your assessment that the LCFS has been working as designed since the regulation went into effect - and highlight that California has achieved a reduction of more than 2.5 percent in the average carbon intensity of the overall transportation fuel supply pool. Unfortunately, several program amendments proposed in the LCFS 2018 Amendments Concept Paper will severely undermine the market for LCFS credits generated by the RNG industry and therefore limit the ability of the RNG industry to continue to provide the aforementioned environmental and economic benefits for California if adopted.

Ongoing Third-Party Verification

The proposed ongoing CI recalculation and verification of existing fuels produced from operational facilities will add substantial cost and foster perpetual uncertainty around the LCFS credit market, including but not limited to LCFS credits generated by RNG. Considering that California imports a majority of the biofuels it consumes, programs like the LCFS need to incentivize and enable industry to develop production facilities in-State by avoiding the addition of unnecessary and burdensome regulation. As proposed, recalculation and verification of existing fuels will create skepticism regarding the validity and value of both the fuels produced and associated credits generated.

We support the existing robust reporting program requirements that include ARB staff evaluation and random sampling. We are concerned, however, that should a third-party verification requirement be added, few parties may be qualified to perform such services. To our knowledge, the few firms that are qualified already provide such verification services for most RNG producers and transportation fuel marketers.

Should the ARB insist on adding a third-party verification requirement to the program, the RNG Coalition suggests physical site-visits and 'entire supply chain' verification requirements should be limited based on a cost-benefit analysis that considers the increased carbon emissions and footprint associated with inter and intra-State travel. The ARB should allow verifiers to perform their review remotely, including through use of Google Earth, photographic evidence and written attestations.

Lastly, the RNG Coalition also proposes that- barring a material change in the fuel production feedstock, process or location - a verified pathway should remain valid for no less than three years before being subject to any re-verification or change in CI value.

Monitoring Plan

The addition of a Monitoring Plan as described on page 17 of the Concept Paper could create significant cost and administrative hurdles for new market entrants looking to produce low carbon transportation fuels. Again, considering that California imports a majority of the biofuels it consumes, the ARB needs to improve the LCFS in such a way that the program encourages and enables industry to increase the development of biofuel production facilities in-State. ARB and staff can do this by avoiding the addition of unnecessary and burdensome monitoring plan requirements.

Limitation of Book and Claim

The limitation of RNG “book and claim” to one quarter would mean that in order to maintain the ability to generate LCFS credits from RNG, the RNG produced must be sold as a vehicle fuel within the quarter following pipeline injection. RNG Coalition asks that should this provision be adopted, it be clarified so that physical storage of the gas in a storage facility would be allowed for more than three months while maintaining the ability to generate LCFS credits from that RNG.

The Coalition for Renewable Natural Gas would like to acknowledge the hard work and due diligence ARB staff has demonstrated in drafting the proposed LCFS 2018 Amendments. We look forward to continuing to partner with the California Air Resources Board to ensure the effectiveness of the LCFS program in achieving California’s air quality, greenhouse gas reduction and energy independence goals.

Please do not hesitate to contact me directly with any questions or concerns.

Sincerely,

Nina Kapoor
Manager, Legislative and Regulatory Affairs
Coalition for Renewable Natural Gas
1017 L Street, #513
Sacramento, CA 95814
916.588.3033
Nina@RNGCoalition.com