

Submitted electronically to: LCFSworkshop@arb.ca.gov



October 6, 2017

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

RE: Proposed Amendments to the Low Carbon Fuel Standard

Dear Air Resources Board Members and Staff,

The Coalition for Renewable Natural Gas (RNG Coalition) thanks you for the opportunity to provide brief written feedback on the proposed amendments to the Low Carbon Fuel Standard (LCFS) regulation outlined during your September 22, 2017 workshop. We applaud the Air Resources Board (ARB) for proposing amendments to augment and extend the carbon intensity (CI) reduction targets in the LCFS to ultimately reach 18% by 2030. Unfortunately, several of the accompanying proposed amendments to the existing LCFS regulation have the potential to inhibit the development of Renewable Natural Gas (RNG, biomethane or upgraded biogas) production facilities, jeopardize the development and availability of RNG supply in-State and subsequently hinder the continued contribution of RNG in helping California meet its LCFS targets.

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 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 - and nearly 100% of the RNG participating under the LCFS program.

We believe that the LCFS represents California's best opportunity to reduce greenhouse gas (GHG) emissions from the transportation sector, incentivize the development of low-carbon transportation fuel like RNG and increase energy security and curb our country's dependence on foreign oil. The utilization of RNG to comply with the LCFS has added benefits in terms of helping California meet additional clean air and renewable energy 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 (SLCP) from anaerobic digestion facilities including at dairies, wastewater treatment plants and landfills. The development of RNG production facilities foster improved management of waste streams, reduce negative soil and water impacts and stimulate California's clean energy economy.

We urge you to address the concerns with the proposed amendments outlined below in order ensure that the multiple environmental benefits of RNG utilization will continue to be realized under an improved LCFS program.

Removal of Bio-CNG from the Lookup Table Causes Unfair Burden on Generators

ARB has proposed the removal of bio-CNG (RNG) generated from wastewater and food/green waste feedstocks from the lookup table. To the extent that this revision would require additional quantification and approval efforts for each individual producer of wastewater and food/green waste RNG, the change is an unfair burden on actual implementation compared to other fuels that are in the lookup table. Any uncertainty in the ability to secure credits that is introduced by this proposed change may create a significant challenge for RNG project developers as they seek financing and strive to determine the economic viability of new projects and expansions of existing operating facilities.

Increases in Carbon Intensity Values for RNG are Unjustified

The proposed amendments increase the carbon intensity values assigned to RNG in the Temporary Fuel Pathway Table. The values for bio-CNG increase from 46.42 to 60.0, bio-LNG from 64.63 to 75 and bio-L-CNG from 67.18 to 80. At first glance, these values appear as if they could have been selected arbitrarily, as it is statistically unlikely that these three carbon intensities were scientifically determined to increase to round numbers that are multiples of five to 60, 75 and 80. Unfortunately, while we believe that Air Resources Board staff would not select such critically important values arbitrarily, stakeholders have not been provided with any supporting data and/or a methodology to prove otherwise.

Length of Comment Period was Insufficient

The RNG Coalition does not believe that stakeholders have had sufficient time to review the proposed amendments in order to provide informed feedback. Comments on the proposed amendments were due October 6, 2017. Supporting documentation for increased carbon intensity values will not be made available to stakeholders until October 19, 2017. Expecting stakeholders to provide feedback on increased carbon intensity values inversely-proportional to the value of their product nearly two weeks prior to receiving any supporting calculations, data and/or assumptions is injudicious and inappropriate from a process standpoint. The RNG Coalition asks that the ARB refrain from making changes to the carbon intensity values until the comprehensive version of the GREET 3.0 model has been released and stakeholders are provided with sufficient time - at least thirty days - to review and verify the corresponding calculations and assumptions used by ARB in determining the proposed changes.

Weakening Fuel Neutrality Weakens Program Integrity

One of the strengths of the Low Carbon Fuel Standard has been the implicit and explicit acknowledgement by the Air Resources Board that a fuel-neutral declining carbon intensity standard paired with a market-based credit-trading program is an optimal way to achieve greenhouse gas emission reductions in the transportation sector at the lowest cost and in the most consumer-responsive manner. However, the

proposed amendments will undermine the integrity of fuel-neutrality and thus the integrity and predictability of the LCFS credit market by putting RNG as a replacement for conventional natural gas at a competitive disadvantage compared to other technologies. We urge the ARB to re-evaluate the proposed amendments and address the the RNG Coalition and RNG industry concerns expressed in order to ensure a level-playing field for all LCFS market participants.

Conclusion

The Coalition for Renewable Natural Gas continues to appreciate the hard work and due diligence ARB staff has demonstrated in drafting the proposed amendments. We look forward to continuing to partner with the California Air Resources Board in ensuring the effectiveness and improvement of the LCFS program in achieving California's air quality, greenhouse gas reduction and energy independence goals through 2030 and beyond.

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

Sincerely,

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