March 15, 2023

Dr. Cheryl Laskowski
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Low Carbon Fuel Standard Workshop 2023

Dear Dr. Laskowski,

Peaks Renewables appreciates the opportunity to provide comments to the California Air Resources Board ("CARB") in response to the Low Carbon Fuel Standard ("LCFS") workshop held on February 22, 2023 ("the Workshop").

Peaks Renewables is a renewable energy project developer focused on identifying opportunities that promote decarbonization of thermal energy usage. Peaks Renewables is wholly owned by Summit Utilities, Inc. ("Summit"). Summit owns local distribution and transmission subsidiaries that operate in Arkansas, Colorado, Maine, Missouri, Oklahoma, and Texas. In total, Summit's operating companies serve almost 700,000 customers. Summit has made climate leadership a core part of its business, and actively seeks to promote projects and technologies that can help decarbonize the existing energy system and ensure a fast and affordable transition to a green energy economy. Summit, through its Peaks Renewables subsidiary, is in construction on a Renewable Natural Gas (RNG) project in Clinton, Maine. This project will collect manure from seven family-owned dairy farms and upgrade the biomethane to pipeline quality RNG, and the natural gas molecule will be injected into the pipeline system. Without the LCFS program, this project, and similar community small dairy farm projects, would not be developed, resulting in continued methane emissions from these dairy farms. Peaks Renewables is developing a number of additional RNG projects across the U.S. that hope to assist in California's goals to decarbonize transportation. We applaud the successful implementation of the LCFS program and its continued use to meet California's aggressive decarbonization targets. We have prepared the following comments in response to some of the outlined proposals in the February 22nd workshop:

1) **We support a more aggressive 2035 compliance target than what is currently being modeled:** Peaks Renewables applauds and supports California's continued ambition to increase CI stringency to meet its decarbonization goals. We believe that with current LCFS prices at a program low and the increased federal support through the Inflation Reduction Act, there is a unique opportunity to increase the stringency of the compliance targets beyond the 30% by 2035 pathway that was modeled in this workshop. A more aggressive target will help increase credit prices back towards historical norms and encourage continued investment in low carbon fuel infrastructure to meet 90% by 2045. Failing to take the opportunity to increase the programs stringency now may result in underinvestment in low carbon fuels and force significant increases in stringency at a future date. CARB should act now to increase program stringency and ensure a smooth path to the 2045 goal.

2) **We do not support new restrictions on Book-and-Claim for RNG delivery to California:** The current regulations around Book-and-Claim have helped the LCFS program achieve a rapid increase in the utilization of negative

carbon vehicle fuel. This has also helped spur the deployment of anaerobic digestion technology across the U.S. dairy industry that has resulted in a significant decrease in methane emissions from the dairy sector. Eliminating the ability for projects to deliver gas to California via Book-and-Claim will make the continued development of these projects unfeasible and will undoubtedly result in the closure of already deployed projects. Additionally, this massive change in regulation will serve as a negative signal to investors of significant regulatory risk in the LCFS program that will hamper future investment in low carbon fuel infrastructure that is intended to serve the California market. The proposed changes also do not accurately reflect the U.S. natural gas pipeline system. Book-and-Claim is a widely used methodology that reflects the fungibility of molecules across a robust and interconnected system. CI scores of each individual project reflects its geographic location through the calculation of assumed losses and resultant emissions from the proposed pipeline distance traveled, thereby incentivizing development of RNG projects in closer proximity to California. Unduly restricting the use of Book-and-Claim will only stop development of new RNG projects across the country and result in a decrease of low carbon fuel delivery to California. The growth of RNG is a huge success that is directly attributed to the LCFS program, and CARB should look for ways to continue this path of growth rather than add additional regulatory burdens that will only chill future investment.

3) **We support the continued refinement of Tier 1 calculators for dairy biomethane:** We are excited by CARBs proposal to refine Tier 1 calculators. The increased use of Tier 1 calculators will help CARB improve pathway registration timelines and reduce administrative complexity for projects. We look forward to working with CARB to implement changes that will help increase the adoption of Tier 1 calculators and simplify pathway processing.

4) **We support the implementation of a credit true-up program:** There is a current and growing backlog of RNG pathways waiting for approval in the LCFS program. This backlog is a significant challenge for project developers who are forced to navigate a complex process with an opaque timeline. The temporary pathway is an important tool to help projects stay afloat in these crucial early days of start-up, but the temporary pathway results in significant project value that is left unrealized by developers, making increased investment in these projects difficult. A true-up program that allows for credit generation after the pathway is approved would help rectify this by allowing developers to realize the true value of the avoided carbon of their projects during the registration project and will alleviate pressure from developers to approve pathways as quickly as possible.

5) **We do not support the elimination of Avoided Methane Credit after an initial crediting period:** CARB outlined very clear rules around crediting periods in the implementation of the LCFS program. These rules outlined a clear timeline for project eligibility in the LCFS program and illustrated how a project's baseline would be reassessed at the end of each crediting period to account for regulatory changes in the interim. If SB 1383 or additional regulations are put in place to require methane capture in the dairy farm, we are comfortable accounting for this change at the beginning of a new crediting period for an RNG project. However, eliminating the avoided methane credit without a corresponding regulatory change seems antithetical to the strong technical framework of the LCFS program. Projects are required to undergo a life cycle analysis to account for the emissions reduction of their fuel usage. Without a methane capture regulation for the dairy sector, dairy biomethane projects are truly providing a carbon reduction for the capture and utilization of methane that would be otherwise emitted under the carbon accounting framework outlined in the LCFS program. Without the Avoided Methane Credit, dairy RNG projects may be forced to shut down likely resulting in the dairies returning to pre-digester manure management practices and sending manure to lagoons thereby generating more methane emissions. Eliminating credit for this methane capture through a rulemaking sends a negative signal to

the investment community that there is clear regulatory risk inherent that goes beyond the current regulations, and will make continue long term investments in RNG projects that rely on avoided methane crediting difficult.

Sincerely,

L Aidan Renaghan

Aidan Renaghan
Director, Renewable Project Development
Peaks Renewables