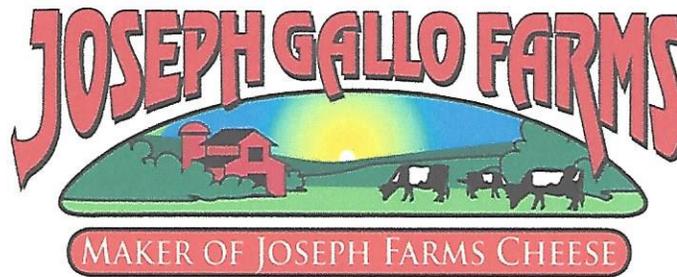


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September 16, 2016

Chairwoman Mary Nichols and Board
California Air Resources Board
1001 I Street,
Sacramento, CA 95814

RE: Draft 2016 Cap-and-Trade Program Regulation Amendments

Dear Chairwoman Nichols, ARB Board and Staff,

We appreciate the opportunity to submit comments on the Air Resources Board Draft 2016 Cap and Trade Regulation Amendments. As one of the California's leaders in sustainable dairy farming and onsite renewable energy for cheese production, we support the goals of the 2016 Cap and Trade Regulation and support its objectives to significantly reduce methane and greenhouse gas emissions and increase the adoption of methane reducing technologies in California.

Joseph Gallo Farms is a pioneer in environmental farming practices in California. Our farm currently operates one of the first, successful large-scale biogas digesters in California—capable of generating up to 14,000 MW hours of electricity every year. Additionally, waste heat is captured and used to produce steam for the cheese production facility, reducing the load on our natural gas fired steam boilers. Through this process we generate up to 75% of the electricity needed for cheese production, operations and packaging. In addition, Joseph Gallo Farms recently deployed 2MW of solar to further its renewable energy generation for dairy operation – making it the largest agricultural net metering project in California. The Farm has also received numerous environmental awards, including the CalEPA's Waste Reduction Awards Program Award in 2009, 2010, and 2011 for reducing waste, as well as the 2012 Governor's Environmental and Economic Leadership Award (GEELA) from Governor Brown, which is California's highest environmental honor.

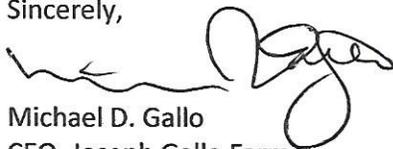
Based on the experience of operating one of the longest producing digesters in California, we strongly support ARB staff recommendations and proposed amendments focused on utilizing incentives, capital cost investment, and streamlining strategies to help accelerate the deployment and expansion of dairy digesters throughout California. In addition, we support the proposed language for Modifications to Regulatory Compliance and Additionality Requirements that includes limiting the period of time livestock and mine methane capture offsets are ineligible to receive credits for not being in regulatory compliance to the time period the project was actually out of regulatory compliance. This will help both ensure compliant projects and avoid substantially hindering projects that reduce greenhouse gas emissions and provide beneficial economic, energy, and environmental outcomes.

Below are our suggestions and comments on the 2016 Cap and Trade Regulation, specifically related to the offset program for the dairy industry:

- We support ARB's proposed amendments to clarify the Offset Project Data Report (OPDR) and to allow verification bodies to start verification services as soon as 10 days after submitting the Notice of Offset Verification Services. We suggest amending the inclusion of the offset volume stated and verified to only be included on the final OPDR, as the initial OPDR is rarely identical to that of the final OPDR.
- Increasing guidance and communication on the offset program will also help accelerate the deployment and expansion of dairy digesters throughout California. We suggest more frequent publication of FAQs (i.e. monthly or quarterly) to provide uniform guidance to all of those participating in the program. Currently, most guidance is provided on a case-by-case basis, which leads to varying levels of information and disconnect between Offset Project Operators and Air Pollution Districts: Increasing the FAQ publication frequency to monthly or quarterly would increase both transparency and efficiency in accounting and reporting. Furthermore, once FAQs are published, we recommend that there be a window, such as 90 days, for them to become effective. This window would allow for the project operators and air districts to adapt to new interpretations of regulations.

We appreciate the opportunity to submit comments related to the 2016 Draft Cap and Trade Regulation Amendments and look forward to continuing to work with the Air Resources Board to further the deployment of methane digesters throughout California to help reduce greenhouse gas emissions and other harmful air pollutants.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. Gallo". The signature is fluid and cursive, with a prominent loop at the end.

Michael D. Gallo
CEO, Joseph Gallo Farms