

**February 20, 2019**

California Air Resources Board, Mobile Source Control Division

Attn: Jack Kitowski, Division Chief

P.O. Box 2815  Sacramento, CA 95812

**RE: Zero-Emission Airport Shuttle Regulation**

Dear Mr. Kitowski,

The Coalition for Renewable Natural Gas (RNG Coalition) offers these brief comments in response to the California Air Resources Board’s (CARB) Zero-Emission Airport Shuttle Regulation (Proposed Rule). We understand CARB’s desire to promote Zero Emission Vehicle (ZEV) technology in targeted vehicle applications to advance the technology in the heavy-duty space, however, we are concerned about the potential unintended consequences of the proposal on the demand for renewable natural gas (RNG).

With the passage of SB 1383 (Lara 2016), California has committed, in statute, to reduce methane emissions by 40% by 2030. The Low Carbon Fuel Standard (LCFS) is creating a strong driver for the use of RNG in transportation and the destruction of methane. However, programs such as the Proposed Rule send mixed messages as to where the RNG resource should be utilized and make it more challenging for RNG investors to commit capital to projects that help reduce methane.

***Who We Are***

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 and our members produce more than 90% of all the RNG used in the United States and Canada.

***Current Greenhouse Gas Benefits due to Use of RNG in Airport Shuttles Not Captured in Staff’s Analysis***

With the publication of the Proposed Rule it is now clear that CARB believes the airport shuttle sector can rapidly transition to using only zero emission technology. However, airport shuttles today are dominated by compressed natural gas vehicles, many of which use RNG.[[1]](#footnote-1)

The staff report’s greenhouse gas (GHG) calculation does not seem to acknowledge the use of this low carbon fuel or properly represent the fact that GHG benefits of deploying ZEVs to displace RNG in such applications is marginal at best.[[2]](#footnote-2) In the response to comment period **we ask the staff to acknowledge and properly account for the GHG benefits being provided by RNG in the current fleet**.

***Where and how will CARB Incent Fleets Employing Near-Zero Engines?***

We understand and acknowledge that CARB’s Mobile Source Strategy, Sustainable Freight Action Plan, and Greenhouse Gas Scoping Plan have all called for zero emission vehicles wherever feasible. However, these planning documents also explicitly state that attaining the State’s air quality and greenhouse gas goals will require broad deployment of near-zero emission vehicles using renewable fuels everywhere else. So far, the Proposed Rule—and other similar CARB actions—demonstrate the work toward ZEV but the market lacks clear signals on where CARB thinks near-zero is appropriate. We encourage the agency to be more transparent about how it will promote near-zero options.

CARB’s Low Carbon Fuel Standard scenario analysis assumed total natural gas vehicle fuel demand growing over time and that—when this demand is supplied by very low-carbon RNG—near-zero vehicles help achieve the LCFS targets.[[3]](#footnote-3) **We ask for direction from CARB as to what sectors of the heavy-duty vehicle fleet will be the key drivers of this expected growth in RNG demand and what policy tools will be used to promote it**.

***CARB Should Clarify Where the RNG Resource Should be Utilized, if Not in Transit***

If, for whatever reason, CARB has shifted its strategy and does not plan to follow through on the announced support for near-zero technology in transport applications RNG Coalition members need to know where else the RNG resource should be utilized and which policies will drive that use.

CARB’s leadership is needed across state agencies on this question. For example, CalRecycle is currently proposing that municipalities using RNG be recognized under the Proposed Organic Waste Methane Emissions Reductions Regulation, but as currently drafted this rule limits the allowed RNG uses to transportation only.[[4]](#footnote-4)

The upcoming discussion on building decarbonization in front of the Public Utilities Commission, the Energy Commission, and CARB is another chance to deploy the RNG resource to achieve cost-effective reductions today. But, at least at the outset of this discussion, the agencies seem to be heavily focused on the opportunities for building electrification with only minor attention paid to RNG.

The RNG Coalition supports the increased development, deployment and utilization of RNG regardless of the feedstock, indiscriminate of the competing technologies used to upgrade raw biogas to RNG, and for all sustainable end-use applications, but our members need a clear incentive framework to take action.

Additional cross-agency study on determining the best use of the RNG resource, while valuable, should not delay action on programs and incentives to tap the resource today.

***We Prefer Flexible Performance Standards Rather than Mandates for one Technology***

The RNG community does not claim to be able to solve the challenge of decarbonizing all existing uses of fossil fuels. Rather, we view RNG as one part of a portfolio of decarbonization technologies. We believe flexible performance-based standards are the appropriate tools to promote the best mix of technologies at lowest cost. That’s why we’ve long been a strong supporter of the LCFS and we hope to see similar policies adopted in other sectors. Relative to other options to fully decarbonize industry, building[[5]](#footnote-5) and transport sectors[[6]](#footnote-6) RNG remains a cost-effective source of greenhouse gas reduction that should be part of the solution across all of these end uses. **Therefore, we ask that CARB consider the adoption of a performance-based standard rather than a technology mandate when adopting a Proposed Rule for airport shuttle busses.**

***Conclusion***

In summary, the RNG resource is underdeveloped and in need of additional policy support from programs such as the LCFS to create investment certainty for project developers. The Coalition for Renewable Natural Gas acknowledges the hard work and due diligence CARB staff has demonstrated in drafting the proposed regulation. However, we cannot support a mandate that puts pressure on fleets already using a very clean fuel/vehicle combination, especially when CARB’s analysis does not appear to appropriately acknowledge the GHG tradeoffs of such a mandate.

We look forward to continuing to partner with the California Air Resources Board to ensure that the State’s transportation sector meets its full potential in contributing to fulfillment of California’s environmental goals and that the RNG resource is utilized in the most efficient way possible across all sectors.

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

Sincerely,

**Nina Kapoor**

Director of State Government Affairs

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1. According the Staff Report for the Proposed Rule 74% of airport fleets and 45% off off-airport fleets are natural gas vehicles. According to LCFS data, in Q3 of 2018, 74% of fuel used in natural gas vehicles was RNG statewide. [↑](#footnote-ref-1)
2. Or potentially a dis-benefit today depending on the carbon intensity of the RNG being displaced and the CI of the electricity supplied to the ZEV. [↑](#footnote-ref-2)
3. For example, natural gas vehicle fuel demand grows from 158 million in 2017 to 319 million DGEs by 2030 in the main scenario in CARB LCFS Illustrative Scenario Calculator <https://www.arb.ca.gov/fuels/lcfs/2018-0815_illustrative_compliance_scenario_calc.xlsx> [↑](#footnote-ref-3)
4. <https://www.calrecycle.ca.gov/laws/rulemaking/slcp> [↑](#footnote-ref-4)
5. A study by Navigant Consulting for Southern California Gas Company found that, in the context of SoCalGas’s service territory, decarbonization of residential and commercial gas end uses using RNG would have cumulative combined annual cost for RG projections range from $60 billion-$71 billion while electrification scenarios ranged from $75 billion-$91 billion. <https://www.socalgas.com/1443741887279/SoCalGas_Renewable_Gas_Final-Report.pdf> [↑](#footnote-ref-5)
6. RNG has generated 95% of the Cellulosic Biofuel Renewable Identification Numbers for the US EPA administered Renewable Fuel Standard, demonstrating that RNG is cost-effective method of generating very low carbon transportation fuels. [↑](#footnote-ref-6)