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Transmitted via eCommenting: lcfs18

Re: Modified Text for the Proposed Amendments to the Low Carbon Fuel Standard Regulation

To Whom It May Concern:

SoCalGas appreciates the opportunity to provide comments to the California Air Resources Board (CARB) on the Modified Text for the Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation posted June 20, 2018. The LCFS Program has provided incentive to move to low carbon alternative fuel, which has resulted in significant carbon emission reductions. The LCFS Program also supports other state goals and policy initiatives such as reducing Short Lived Climate Pollutant emissions and methane capture.

As stated in our previous comment letter dated April 23, 2018, SoCalGas is concerned with requiring fossil compressed natural gas (CNG) to report into the program starting in 2019, when fossil CNG is expected to remain a credit generating fuel until 2024. SoCalGas remains concerned that the administrative requirements would be overly burdensome for small users, who have yet to opt-in to the program. Our fear is that these users would prefer to move to petroleum based fuel instead of dealing with the administration.

SoCalGas previously recommended providing an exemption for small compressed natural gas (CNG) station operators that have not yet opted in to the LCFS Program and dispense less than 1.25 million gasoline gallon equivalent units until fossil CNG becomes a deficit generating fuel in 2025. The purpose of the exemption would be to retain existing fossil CNG users, give them time to become comfortable or find assistance with the administrative burden, and eventually move them to renewable gas.

In response, in the Modified Text for the Proposed Amendments, CARB staff included an exemption for propane and fossil CNG users that use less than 50,000 gge/year, which is a fraction of what was originally recommended. CARB staff explained that all fuels should be treated equally and since the propane industry requested an exemption of 50,000 gge/year, to be equitable, fossil CNG should be provided the same exemption threshold.

SoCalGas agrees with CARB staff that all fuels should be treated equitably. Equity for all fuel types is key to maintaining the integrity of the program. Propane, which is currently a credit generating fuel is expected to become a deficit generating fuel in 2021. Per the proposed LCFS

Amendments, Propane would be required to begin reporting fuel to the LCFS program in 2019, two years before becoming a deficit generating fuel. The proposed Amendments would also require fossil CNG begin reporting in 2019, five years before becoming a deficit generating fuel.

SoCalGas recommends that CARB maintain equity between all fuels. This can be achieved by delaying the implementation of reporting for fossil CNG until 2022, two years before becoming a deficit generating fuel, similar to what is required for propane. This modification would achieve the goals of the exemption, outlined above and would not impact emission reductions achieved.

Thank you again for the opportunity to comment on the Modified Text for the Proposed Amendments to the LCFS Regulation.

If you have any questions, please do not hesitate to contact me directly.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'KM' or similar initials, followed by a surname.

Kevin Maggay
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Cc: Sam Wade, Air Resources Board