THE COALITION FOR
RENEWABLE
NATURAL GAS

RNG Coalition Comments:

Proposed Short-Lived Climate Pollutant Reduction Strategy - April 2016

May 19, 2016

Respectfully Submitted to

Mr. Richard Corey
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California Air Resources Board
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Prepared by

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Dear Mr. Corey:

The Coalition for Renewable Natural Gas (RNG Coalition) thanks the California Air Resources Board, your sister agencies and respective staff members for the thoughtful work put into the Proposed Short-Lived Climate Pollutant Reduction Strategy, April 2016 (Proposed Strategy).

We also thank you for your consideration of our October 30, 2015 comments on an earlier version of the strategy and for incorporating many of our suggestions in this draft. Our predominant interest in this process was, and continues to be, the identification and removal of barriers that are preventing development of renewable natural gas resources in California. Because you have rightfully captured those interests in the Proposed Strategy, we will not belabor the point except to reiterate that the barriers we have previously identified remain as significant impediments that should be addressed as soon as possible.

The RNG Coalition

The RNG Coalition is a California non-profit representing the renewable natural gas industry in North America. Our membership includes 72 companies and organizations involved in the value chain of waste-to-energy and fuel.

Renewable Natural Gas (RNG, biomethane or upgraded biogas) is waste transformed. Waste water, dairy waste, and municipal solid waste are composed predominantly of cellulosic material. When left unmanaged, waste decomposes and emits methane, carbon dioxide and other gasses into the atmosphere. By actively managing these waste streams, capturing the biogas and upgrading it to a useful product, renewable natural gas developers can generate electricity or fuel vehicles with a fraction of the gasoline or diesel GHG lifecycle emissions. Clean air and health benefits are compounded because RNG removes a GHG emission source (decomposing waste) and also displace a higher-carbon fuel (gasoline or diesel) with an ultra-low-carbon alternative.

Support and Agreement

The RNG Coalition agrees with ARB on “the need to immediately reduce emissions of short-lived climate pollutants (SLCPs),” especially methane, which is of particular interest to our members since RNG is primarily methane. As such, we support your efforts in this Proposed Strategy and offer our assistance to help maximize its effectiveness.

We also agree with the following statements found in the Proposed Strategy:

- The State's organic waste should be put to beneficial use, such as for soil amendments/compost, electrical generation, transportation fuel and pipeline-injection renewable natural gas. (Pages 2-3)
- Political solutions must be developed and implemented to overcome barriers to waste gas utilization for pipeline injection and grid interconnection. (Page 3)
- State agencies, utilities, and other stakeholders need to work immediately to identify and resolve remaining obstacles to connecting distributed electricity with the grid and injecting renewable natural gas in the pipeline. (Page 3)
- Ultimately, a combination of incentives, State and private sector investment, and regulations will be necessary to capture the value in organic waste streams and ensure lasting emission reductions. (Page 7)
- Building infrastructure to better manage organic waste streams could lead to billions of dollars of investments and thousands of jobs in the State. (Page 24)
- Adopting state policies to promote biogas from organic waste would provide a strong durable market signal to industry, agencies, and investors. (Page 24)
- Biogas can help the state meet its 33 percent renewable mandate for hydrogen transpiration fuel. (Page 24)
- Utilizing clean technologies to put organic waste streams to a beneficial use can also serve to improve regional air and water quality and support economic growth in agriculture and other communities throughout the State. (Page 24)
- Several existing programs already provide incentives to convert waste streams to various forms of energy, which can be leveraged along with new efforts to increase the share of renewable biogas used in California buildings, industry, and transportation. (Pages 25-26)
- In order to enable this market, however, barriers to pipeline injection of biogas, among others, must be addressed. (Page 26)
- This includes monitoring market progress pursuant to Assembly Bill 1900 and considering appropriate adjustments, as needed. (Page 26)
- Supplemental policy options to accelerate biogas projects and access to the pipeline will be considered, including steps that utilities can take, options to accommodate varying heat rates of pipeline gas in certain instances, and potential new policies like a feed-in-tariff for renewable natural gas. (Page 26)

- Potential new funding mechanisms and incentive structures must also be considered. This could include… state procurement contracts for renewable natural gas…. (Page 28)
- Technologies to cover methane are already widely available and used in key sectors. (Page 59)
- Some LCFS pathways related to renewable natural gas have the lowest carbon intensities of pathways to date. (Page 60)
- Injecting biogas into the natural gas pipeline can avoid most new combustion or associated emissions altogether. (Page 66)
- Enabling pipeline injection of biomethane and minimizing associated costs will hep get dairy biogas into the transportation sector and allow for the generation of LCFS and RIN credits, which could provide an especially valuable revenue stream. (Page 68)
- A common workshop or work group effort to address barrier to beneficial use of organic waste streams may be useful. (Page 74) *[The RNG Coalition would welcome the opportunity to participate.]*
- Wastewater treatment plants provide a promising complementary opportunity to help divert a portion of organic wastes from landfills and create useful byproducts such as electricity, biofuels, and soil amendments. (Page 75)
- Avoiding organic waste generation entirely is the best option to reduce emissions, protect health and minimize costs. However, once generated, there are many options for creating environmental and economic benefit through the appropriate utilization of organic waste. (Page 113)

Qualified Support

Waste in Place

On page 72, and again on page 8 of Appendix A, you state that “Waste in place [at landfills] will continue to emit methane for decades to come.” We agree with this comments as stated. However, we were unable to find any mention of policy objectives or initiatives that address the collateral impact of organic diversion on existing sources of landfill gas.

The trajectory of California law ensures the effective elimination of the disposal of organics in landfills by 2025. ARB accounts for the opportunities and benefits of digestion of the separated organics. We agree that the benefits described are important and real. However, we urge ARB to also consider that California’s diversion policy will make it less attractive for development of projects capturing methane from waste in place at landfills since the source of biogas production will not

be replenished in the landfills. As much as California's diversion laws incentivize development of separated MSW digesters, they also disincentives development of landfill gas projects and the investment of landfill gas collection wells and upgrading equipment.

Diversion policies will not be derailed. Yet, ARB must still account for the need to mitigate the landfill methane emissions resulting from generations of past landfilling practices.

Natural Gas

On page 71 you state "Anaerobic digestion can support the State's efforts to obtain at least 50 percent of its electricity from renewable resources, aid in reducing the carbon intensity of transportation fuels, and displace fossil natural gas consumption."

We agree that anaerobic digestion plays an important role in reaching the state's policy goals. However we disagree that displacement of natural gas should be one of those goals. Natural Gas is the cleanest fossil fuel available. It is abundant and affordable and provides considerable clean air and GHG benefits, especially in electricity generation as compared to coal and as a transportation fuel as compared to diesel. With the new near-zero emission engine, natural gas provides 90% NOx and 99% SOx emission reduction as compared to diesel.

RNG can and should be utilized in abundance to help decarbonize natural gas pipelines and improve the GHG emission profile of CNG and LNG. However, natural gas should not be the target of elimination efforts, especially when dirty energy and fuel options maintain a majority hold on California's fuel and energy future.

SLCP Policy Impacts on Other Incentives

Page 69 of the draft states "regulatory requirements to achieve large emission reductions from the industry will affect incentives for dairy methane reduction projects, such as the availability and amount of credits under the Cap-and-Trade program and LCFS. Once a regulation is in place, credit for avoided methane emissions under the LCFS and Cap-and-Trade Programs would not be available for new projects as the reductions would not be additional to the regulation or business as usual."

We agree that project benefits should be measured with a consideration of additionality. We also appreciate your commitment

that projects in place before the regulation takes effect will still be able to generate credits for a 10-year window.

Ultimately our chief priority is that RNG is recognized for its extraordinary emission reduction benefits. Although the LCFS has been a successful incentive for the utilization of RNG, one particular program or policy benefit is not our end game. The RNG Coalition commits to work with ARB on policy development to ensure, as we are confident that you desire, that any transition from one policy protocol to another does not derail the progress of the RNG industry in California.

Thank you for your commitment to “sufficient land time… before regulatory requirements take affect to allow the market to react.” Any transition away from the LCFS and Cap-and-Trade as presently constituted will surely require it.

Conclusion

The Coalition for Renewable Natural Gas is committed to immediate reductions of powerful “super pollutants” like methane. We believe RNG offers California a unique opportunity to reduce Short Lived Climate Pollutants while simultaneously growing the state’s clean energy economy. We look forward to working with you to further develop final SLCP policy.

Yours In Service,

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