



Divert, Inc.
23 Bradford Street, Third Floor
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December 9, 2022

VIA ELECTRONIC FILING

Cheryl Laskowski
Branch Chief
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: November 2022 Workshop Comments to the Low Carbon Fuel Standard Program

Divert is an impact technology company with a mission to protect the value of food. We are founded on the purpose of creating innovative and efficient solutions toward eliminating food waste. We are passionate about proving that environmental sustainability can be as good for business and consumers as it is for the planet. To that end, Divert is focused on decarbonizing unconsumed food through source reduction, food rescue, and recycling.

We work toward our purpose every day, and have achieved successes such as:

- Using our technology platform to optimize the reduction of food waste generation for the retail food industry, which is the largest generator of food waste in the U.S.
- Cultivating partnerships with retailers and food banks to increase donations for unsold food that meets food donation guidelines but would otherwise be bound for the landfill.
- Establishing ourselves as the largest anaerobic digestion processor of food waste in the U.S., converting food waste to renewable energy via proprietary liquefaction and anaerobic digestion.

Divert is committed to helping California reduce short-lived climate pollutants through the rescue, recovery, and recycling of food waste. As California continues to achieve its food waste reduction and carbon neutrality goals, Divert is:

- Partnering with Feeding America, local food banks, and a private retailer to service over 900 California based stores to identify and facilitate the rescue of unsold food to provide to local communities and families in need.
- Providing California food retailers access to Artificial Intelligence (AI) and Internet of Things (IoT) technology to maximize source reduction and improve the proper handling and freshness of perishable goods.
- Expanding food waste processing and anaerobic digestion capabilities with a new California food waste to energy facility that makes carbon negative renewable natural gas (RNG).



Divert is committed to helping the California Air Resources Board (CARB) and the State of California achieve its carbon-neutrality goals and would like to make the following recommendations:

- **Make the carbon reduction targets more stringent**
- **Create further incentive to use low-carbon fuels that effectively reduce short-lived climate pollutant (SLCP) related emissions.**
- **Allow for Biomethane Book and Claim Eligibility among all North America RNG projects**

We respectfully submit the following comments in response to the November 9, 2022 public workshop to discuss potential changes to the Low Carbon Fuel Standard (LCFS).

CARB should adopt a 30% or Higher reduction in Carbon Intensity Reduction

As CARB staff has highlighted in several of their recent workshops, the LCFS program has significantly exceeded expectations and low carbon fuels are coming to the market quicker and in greater volumes than previously anticipated. This indicates that the greater stringency in the program is possible to allow for even bolder reductions in emissions to take place.

We support the effort that CARB staff has taken to outline three options that set forth carbon intensity reduction goals for 2030 and beyond in 2045. By undertaking this long term planning, fuel producers understand what is expected of their projects and initiatives and can adequately invest their resources accordingly. Using a structured and transparent process for the LCFS targets will offer all parties the needed certainty to make the appropriate level of investments in the low carbon fuels needed to achieve California's goals. These recommendations are also well timed with Governor Newsom's bold call to climate action and align the LCFS nicely with California's goal to achieve carbon neutrality by 2045. ¹ Divert is supportive of the implementation of Alternative B or Alternative C, as they will accelerate California's efforts in carbon intensity reduction.

CARB should avoid eliminating future biomethane crediting and continue promoting low-carbon fuels that reduce short-lived climate pollutants (SLCPs)

SB 1383 requires the state to achieve a reduction in SLCP emissions, including a 40 percent reduction in methane, by 2030.² In its 2022 Scoping plan, CARB outlines its SLCP related emissions achievements, while noting that these reductions have not kept pace with the broader progress towards California's decarbonization goals.³ The document states that "more aggressive action is needed" to meet the state's legislative goals.⁴

¹Office of the Governor Gavin Newsom, " Governor Newsom Calls for Bold Actions to Move Faster Toward Climate Goals", 2022

² California State Legislature, "SB 1383 - Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills" 2015

³ California Air Resources Board, "Final 2022 Scoping Plan Update", Page 224

⁴ ID

As CARB has acknowledged, the pollution impacts of SLCP's are especially strong over the short term, and timely action on reducing these pollutants can have an immediate beneficial impact on climate change and public health.⁵ Achieving reductions in SLCP pollutants would help reduce ambient levels of ozone and particulate matter and the cardiovascular and respiratory effects associated with air pollution, and many of these benefits would accrue in disadvantaged communities, which are often located near sources of SLCP emissions.⁶

SB 1383 requires a 40 percent methane reduction target by 2030, but by 2025 the state is expected to remain roughly 8 million tons short of anaerobic digestion or composting capacity.⁷ Scaling up California's organic waste recycling infrastructure is crucial to achieving the adopted goals and such infrastructure can be incredibly costly to local jurisdictions. Private businesses can help the state achieve its goals and often utilize financing options offered by the state to ensure their investment is successful within the state. Despite this, the November 9 workshop presented a consideration to phase down the avoided methane crediting in LCFS. This potential phase down in avoided methane crediting will directly impact the investment that project developers are willing to make in anaerobic digestion or composting projects that help achieve the goals of SB 1383. By prematurely removing crediting options for avoided methane, CARB will actively be putting the state's ability to address these capacity needs at risk by cutting off access to important funding mechanisms for businesses looking to build this infrastructure.

Divert understands that CARB is aiming to align the LCFS crediting with the Scoping Plan's plan to utilize RNG for hard to electrify sectors, however by removing the biomethane crediting pre-maturely, the state runs the risk of disincentivizing costly capacity planning projects before the state has a chance to address its organics processing needs. Instead, Divert would recommend that CARB work with industry stakeholders to establish which "hard to electrify" sectors will be utilizing RNG and determine what alternative incentives are needed to ensure that funding is still possible for projects that directly assist in achieving the state's SLCP emissions reduction goals.

Allow for Biomethane Book and Claim Eligibility among all North America RNG projects

During the November 9 workshop, CARB staff presented several proposed changes to the biomethane book and claim eligibility. In two of these scenarios, it was suggested that current regulation change to stipulate that book and claim opportunities for renewable natural gas used for transportation fuel be limited to projects in the western natural gas network. While we understand that these scenarios were presented to harmonize book and claim policies between electricity and renewable natural gas, Divert recommends ensuring that at the very least, the status quo is maintained to allow for book and claim for RNG projects across North America.

⁵ California Air Resources Board, "Short-Lived Climate Pollutant Reduction Strategy", Page 1

⁶ California Air Resources Board, "Short-Lived Climate Pollutant Reduction Strategy", Page 13

⁷ Governing Magazine (March 10, 2022), "[It's Time America stopped Throwing Out Food Waste](#)"



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At this time, the Renewable natural gas market is growing, and California is seen as the preeminent market place and is viewed as the leader in policy. As California currently sets the precedent for the nation's decarbonization efforts, it is crucial that the state accept book and claim requests for projects across North America to better incentivize states to decarbonize. As new states adopt LCFS programs, it is important to consider what such a precedent would create as they adopt policies championed by CARB. Instead, Divert would welcome the opportunity to work with CARB to better explain the ramifications of such a policy move and discuss alternatives for a productive outcome.

Conclusion

By considering the above recommendations, CARB staff has the opportunity to inspire further innovation in the low-carbon fuel sector while ensuring that the state does not prematurely move backwards. These suggestions will strengthen the LCFS program by:

- Incorporating new innovations in emissions reduction and inspiring additional carbon reduction operational improvements.
- Ensuring that the LCFS program prioritizes the removal of short lived climate pollutants by keeping incentives in place to build up necessary organics infrastructure
- Creating opportunities for a cohesive and uniform RNG marketplace across North America

We would welcome an opportunity to discuss these suggestions further and additionally talk through our operations to provide further context to our suggestions. If you have any questions, please do not hesitate to contact me at cthomas@divertinc.com or at 202-421-1107. We are eager to collaborate further on this critical effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris M. Thomas". The signature is written in a cursive, flowing style.

Chris Thomas
Vice President of Public Affairs
Divert Inc.