



California Natural
Gas Vehicle Coalition

July 5, 2018

Sam Wade
Branch Chief, Transportation Fuels Branch, Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Draft Changes to the Low Carbon Fuel Standard

On behalf of the California Natural Gas Vehicle Coalition (CNGVC) we would like to take the time to thank the California Air Resource Board (CARB) for allowing us to comment on the on the 2018 Proposed Modifications to the Low Carbon Fuel Standard Regulations (LCFS).

Who We Are

The CNGVC represents the state's natural gas vehicle industry and includes major automobile manufacturers, utilities, heavy-duty engine manufacturers, fueling station providers, equipment manufacturers, and fleet users of natural gas vehicles. We are working together to advance natural gas as an alternative transportation fuel.

The CNGVC applauds the CARB in its goal to transition from fossil fuels to cleaner alternatives, and the staff's tireless work to improve the LCFS program. It is important for the modifications to the LCFS incentivize adoption of all renewable clean energy equally and does not create unnecessary barriers that hinder the market for LCFS credit. In order for the Board to reach its goals to reduce carbon intensity (CI) of the transportation fuel pool by 2020, it must be aggressive in promoting energy diversification. This will help the state depart from fossil fuels and allow for a cleaner and more competitive energy market. The more options for cleaner fuel and technology will provide the transportation sector with greater choices and promote the adoption of vehicles that use alternative clean energy.

A major focus of the Coalition is to advocate for the use of renewable natural gas in transportation that helps California decarbonize its vehicle fleets, in doing so, provide better air for all residents of the State. As you know, the transportation sector is responsible for 40% of GHG emissions, renewable natural gas has already shown itself to be essential in reducing emissions. We hope that with the Board's leadership that renewable natural gas will be instrumental to meeting the ambitious goals that California has established.

We therefore would like to align our support to the comments of the RNG Coalition below, specifically:

Consider alternative requirements for the transportation of renewable natural gas (RNG) to crude oil production facilities

The proposed modification that would allow for the generation of credit from producing or transporting crude oil to refineries within certain innovative methods, is itself an appropriate provision to incentivize using new technology and methods for procurement. But the requirement of RNG and biogas energy to be ‘physically supplied directly’ to crude oil facilities is one that is not practical. The procurement and transportation of RNG from existing stationary sources and infrastructure may not be located near a crude oil production facility and make it difficult to meet the requirement that was proposed by the Board’s staff. Therefore, it is necessary for the Board to consider alternative criteria for RNG or biogas energy that is supplied to crude oil production facilities. A more viable alternative would be to enable pipe-line injected RNG sourced within California to qualify. This would make it possible for RNG and biogas entities to take part without any additional burdens to participating and putting them on equal footing with other types of fuel.

Delay implementation of reporting for fossil CNG

It is important to emphasize the benefits and support for diversifying California’s fuel sources. That being said, the LCFS should strive to regulate the use of fuel types equally and when applicable, uniformly. The proposed amendments by the staff would cause a discrepancy between different fuel types. The reporting requirement for fossil CNG unfairly sets a different requirement than that of propane. A different timeline for fuels that become deficit generating can cause confusion when trying to follow the regulations set by the Board and does not give an ample amount of time for users and fleet owners to switch to cleaner alternatives. If not given enough time could lead fleet owners to adopt diesel trucks if not given enough time to invest and plan in the cleanest technology available.

Book-and-Claim accounting for pipeline-injected biomethane used as transportation fuel

The extension of three calendar quarters for the timeframe of when RNG can be injected into the pipeline in North America, and the time that quantity is sold is something that underlines the flexibility of the LCFS and allows it to be altered to the fuel market current conditions. But the staff may want to consider exempting the limitation of physical storage. The collection period is not one that is sufficient enough to discharge all of the RNG. It is important for flexibility, and practicality to be considered with this provision. The LCFS should not discourage the storage of fuel by setting storage limits that are not feasible for the industry.

Lastly, the LCFS program was designed to be fuel-neutral and to promote the use of alternatives to diesel and gasoline. Those fuels only make up 20% of the fuel used in California’s transportation sector, so we must continue to support all low carbon fuels in order to meet our ambitious goals and provide the air quality that we all deserve.

Thank you for the opportunity to express our concerns and share our comments. Please don't hesitate to contact me if you have questions at thomas@cngvc.org or at 916-476-7662.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Lawson', with a long horizontal flourish extending to the right.

Thomas Lawson
President