

ARB Docket Comments System (docket)

Subject: 15 Day Comments

From: Will Overly <woverly@bluesource.com>

Sent: Thursday, July 5, 2018 5:00 PM

To: d'Esterhazy, Stephen@ARB <sdesterh@arb.ca.gov>; Castellano, Katrina@ARB <Katrina.Castellano@arb.ca.gov>

Subject: 15 Day Comments

Hi Stephen & Katrina,

I couldn't find good instructions on how to submit comments for the LCFS 15 day comment period do at 5 pm PT.

Please find Bluesource's initial comments.

Thanks!

Will

Will Overly *Vice President*

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Best Project Developer—North American Markets (All)
Best Offset Originator—North American Markets (California)
Best Trading Company—Renewable Identification Numbers



July 5th, 2018

The Honorable Mary Nichols,
Chair California Air Resources
Board 1001 I Street
Sacramento, CA 95814

RE: Low Carbon Fuel Standard Extension Draft

Regulation Dear Chair Nichols,

Bluesource would like to thank the California Air Resources Board (CARB hereafter) for the opportunity to provide comments on the proposed Low Carbon Fuel Standard (LCFS hereafter) draft regulation. We are excited to be a part of the process and have prepared the following comments for your consideration.

Background & Qualifications

Bluesource is an environmental attribute developer with experience as one of North America's oldest and largest developers generating over 100 million cots of reductions across 90 projects utilizing 20 emission reduction technologies. In respect to the LCFS, our focus is in biogas, with over 30+ biogas projects generating carbon offsets, RECs, RINs, and LCFS credits.

We believe CARB plays a leadership role in guiding global low-carbon fuel policies, and a successful LCFS is key to reducing greenhouse gases from the transportation sector. We would like to congratulate CARB on maintaining the policy objectives of the LCFS over the past decade and having the vision to take it into the next. Our comments are being provided with the intention of building on LCFS' past successes and helping CARB create a robust program for the future.

Temporary Pathways

Bluesource supports increased transparency and guidance for dairy and swine digesters to participate in the LCFS program and thanks staff for adding section §95488.9(f) and reducing the temporary pathway CI value for dairy manure to -150.

We believe it is a mistake to exclude swine manure from §95488.9 Table 8. There are numerous hog feedlots that could capture methane gas from lagoons and repurpose it as biomethane. Providing them with a temporary pathway CI value will help reduce GHG emissions from agricultural operations and help achieve program goals of reducing average carbon intensity in transportation fuels by 20% by 2030.

Furthermore, biofuel production facilities with feedstock-fuel combinations not identified in Table 8 are currently forced to use the baseline CI value for CaRFG or ULSD. We believe there will be biofuel production facilities with feedstock-fuel combinations not identified in Table 8 who will want to apply for a unique temporary pathway CI value for their facility. Many of them may have operating data or design data to model a reliable score. Providing entities with a clear process to obtain a temporary CI value will result in greater efficiency in credit generation from new projects. It is not clear in the proposed regulations, whether this option is allowed or what alternatives are available for gasoline or diesel substitute feedstock-fuel combinations not identified in Table 8.



Recommended Actions:

1. Add biomethane CNG, LNG and LCNG from swine manure using grid electricity, natural gas, and/or parasitic load to Table 8.
2. Provide a process for entities to create a new temporary pathway and CI to be added to Table 8. Also, provide a process for an entity to create a new temporary CI value for a temporary pathway that is currently listed in Table 8.

Avoided Methane Compliance

Bluesource commends CARB on its vision to incentivize avoided methane emissions for biomethane from dairy and swine manure. However, it is unclear whether a project needs to be registered in the CA Cap and Trade program and be fully compliant with all its requirements in order to claim avoided methane emission credits. This lack of clarity results in the following uncertainties for projects:

- If the dairy has a spill event or other compliance issues under cap and trade, will it impact the LCFS carbon intensity score?
- Projects in the cap and trade program are verified annually for the previous year and credits are issued subsequently. How does this match up against a quarterly LCFS reporting schedule?
- Can a verifier or verification body who is approved under LCFS but not under Cap and Trade program verify a LCFS pathway for biomethane from dairy and swine manure that claims avoided methane emission credits?
- Will LCFS registrants get three 10-year periods from the time of registration, or will they would get less because of time served under Cap and Trade?

Moreover, section §95488.9(f)(3)(B) states that the passage of “a law, regulation, or legally binding mandate requiring either greenhouse gas emission reductions from manure methane emissions from livestock and dairy projects or diversion of organic material from landfill disposal, comes into effect in California during a project’s crediting period, then the project is only eligible to continue to receive LCFS credits for those greenhouse gas emission reductions for the remainder of the project’s current crediting period. The project may not request any subsequent crediting periods.” It appears to establish additionality requirements for projects and limit a project’s crediting period.

We believe that it is in the best interest of the LCFS program to minimize regulatory uncertainty and allow projects that are built the full benefit of the regulations as they are today. The potential for future laws to destabilize project revenues disincentivizes project development.

Recommended Action:

1. Provide greater clarity in the regulations on the compliance requirements under cap and trade for projects claiming avoided methane credits under LCFS.
2. Allow registered projects to be grandfathered and claim credits for the crediting periods allowed during time of registration if a future law raises the baseline for additionality.

Tier 1 Simplified CI Calculator for Biomethane from AD of Wastewater Sludge

It is assumed that the “Commingling of Products” based on ARB’s 2011 FAQ response will be what is allowed when other feedstocks are mixed (i.e Wastewater Sludge & Food Waste or Other Organic wastes).

Recommended Action:

1. Provide greater clarity in the regulations on commingling and mixing feedstocks, and thus the required reporting and monitoring requirements. Also provide clarity on if every single feedstock



will require a CI score (some WWTPs received 30-40 different organic waste feedstocks).

Tier 1 Simplified CI Calculator for Biomethane from Food, Green and Other Organic Wastes

Recommended Actions:

1. Include biogenic CO₂ while calculating tailpipe emissions (Cell I102 and I103) in RNG tab. Because the fuel is taking avoided methane emission credits from landfill diversion, the tailpipe emissions calculations should be similar to those in the dairy and swine manure biomethane calculator.
2. Provide an option for user-defined moisture content. Currently, default moisture of food waste is set at 72% and no user-defined values are currently; therefore, if the actual moisture content of food waste is different from 72%, the final CI will be over or under estimated.

We appreciate ARB's request for industry comments and look forward to the implementation of the Amendments to the Regulations. Thank you for your consideration of these suggestions.

Please feel free to reach out with any follow up questions or comments.

Sincerely,

Will Overly
Vice President
Bluesource LLC