

March 15, 2023

VIA ELECTRONIC FILING

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



Re: Low Carbon Fuel Standard November 2022 and February 2023 Workshops

Dear Dr. Laskowski:

I am writing on behalf of Northern Biogas, LLC, in response to your invitation for feedback on the proposed regulatory changes relating to the treatment of biogas in the Low Carbon Fuel Standard (LCFS) program. Northern Biogas is a renewable natural gas (RNG) producer and service provider specializing in complete RNG facility solutions. Our project pipeline includes several dairy manure projects located in the Midwest, but we are also pursuing a number of landfill and diverted organic projects across the United States, including in California. As we all know, fugitive methane emissions are a significant contributor to climate change. The financial incentives created by California's programs have attracted the capital and engineering expertise necessary to solve this challenging problem. Changes to those programs risk losing the momentum and slowing our efforts to address climate change. Northern Biogas has feedback and comments on two specific areas related to a) the proposed deliverability requirements for RNG and b) avoided methane emission crediting.

Deliverability Requirements for RNG

As we are all aware, climate change is a global problem. Greenhouse gas (GHG) emissions from any location in the world contribute to global climate change. Prioritizing our efforts on the largest sources of GHG emissions first will result in the largest and quickest impact on climate change. Book-and-claim accounting of biomethane allows fuel programs like the federal Renewable Fuel Standard (RFS) program and California's LCFS program to provide financial incentives to broadly located biomethane projects. Capital then flows generally to the most cost-effective projects, regardless of location, which makes the largest, most immediate impact on reducing GHG emissions. Modifying the LCFS program's deliverability requirements does two things: 1) it moves California away from alignment with federal policy on deliverability requirements and 2) it will artificially limit project development to only those projects which are either in California or near qualifying pipelines, which will result in larger emissions sources being passed over in favor of smaller emitters slowing and frustrating our efforts to address climate change. This will likely lead to higher LCFS credit prices; CARB's own modeling of the associated LCFS credit impacts (shown on Slide 51 of the Staff Presentation) indicates a forecasted credit price exceeding the price cap in 50% of the program's administration timeframe between 2024 to 2045. We at Northern Biogas are certain that we can deliver low carbon fuel solutions below those credit prices and help flatten that credit price curve. Accordingly, we ask CARB to forego unnecessary changes to deliverability requirements for biomethane and continue to allow book-and-claim accounting for RNG delivery to California.

Establishing an Ending Date for the Pathway Certification of Certain Avoided Methane Crediting

Fugitive methane from agriculture and landfills is a significant contributor to climate change. Eliminating fugitive methane emissions now can have a positive impact in our fight against climate change. Unfortunately, many of the operators of these facilities cannot justify the capital investments required to mitigate these sources unless forced or financially incented by regulation. Negative carbon intensities for dairy/swine manure projects and organic waste diverted from landfills accurately reflects the reality of these projects until mandatory regulations are put into place (i.e., these projects are voluntarily removing existing GHG emissions). Further, the ability of capital to rely on the continued recognition of negative carbon intensities for many years into the future provides the confidence needed to not only build these projects, but continue their operation until they become mandatory under new regulation. In other words, the existing structure providing for potential multi-decade recognition of negative carbon intensities provides the financial bridge between today and future mandatory regulation. However, we do recognize that the justification behind negative carbon intensities is reduced once mandatory regulations are in place. Accordingly, we ask CARB to solve this problem by modifying § 95488.9(f)(3)(B) to assess the regulations in place on a project-by-project basis (or locale-by-locale basis) rather than a fixed date to begin phasing out certifications incorporating avoided methane emissions. This will more closely match the rapidly evolving national regulatory scene and provide the opportunity for California to continue to influence positive environmental outcomes even in states or locales who are slower to adopt mandatory regulations.

In closing, we recognize the effort and thoughtful care that you and your team put into addressing climate change. We believe that our best chance at solving the climate crisis is by maintaining alignment between public policy and private investment. We thank you for the opportunity to comment on your proposed rule changes and thank you in advance for your time in considering our thoughts. We look forward to continuing to participate with you in developing these rulesets and continuing to solve climate change.

Respectfully,

Chris Akers

[Chris Akers \(Mar 14, 2023 17:14 EDT\)](#)

Chris Akers

Chief Executive Officer

Northern Biogas, LLC







LCFS Policy Comment Letter.v2 signed cta

Final Audit Report

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