*Thank you for the opportunity to provide comments on the recent summer 2022 CARB Workshop. As the largest developer of dairy biogas projects supplying the California LCFS, Maas Energy Works is grateful for the market opportunity presented by CARB’s LCFS program.*

*We look forward to working with CARB to achieve the methane mitigation goals laid out in CARB’s March 2022 “Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target.” As detailed therein, the dairy digester industry has rapidly deployed biomethane projects on a level that was unheard of five years ago.*

*Until 2015, our company was almost exclusively focused on building digesters that would combust their biogas onsite in a lean-burn internal combustion engine to create electricity for delivery to the power grid. As the LCFS program and other state policies, such as SB-1383 and the California Department of Food and Agriculture’s Dairy Digester Research and Development Program, emerged and matured in the second half of the past decade, the dairy digester business model changed. These state programs encouraged developers to abandon the power generation business model and instead switch to pipeline injection of biomethane. As stated by many state agencies at the time, the switch to these new injection projections would achieve a variety of air quality, short lived climate pollutant, and other statewide goals.*

*As a business proposition, the switch to pipeline injection looked daunting. Gaining access to the natural gas pipeline is much more expensive and slower than power grid access. The size and scale of digester projects had to increase 5-10 times to make pipeline injection a reality. Our industry had to raise large sums of money, prove out new technologies, and take substantial other risks to build this new system. Furthermore, in terms of simple commodity prices, natural gas has a lower market value in California than electricity.*

*The digester industry’s switch to pipeline injection made no sense but for one fact: the potential revenue from pipeline injected biomethane was much higher due to the premium created by supplying this gas into the LCFS market (RFS values were much lower at the time). So at the request of the state, we made the switch. Many other companies made similar investments in dairy biomethane, such that Compressed Natural Gas is now the first fuel in California to be net carbon negative.*

*I can happily report that CARB has largely maintained its technology neutral approach to the LCFS and thus rewarded those fuels that create the largest carbon intensity reductions. However, changes in the overall fuels market have put in danger the investments in low carbon fuels that we and others have made. If the state wants to continue encouraging companies to grow the biomethane industry and other low carbon fuels, we suggest two changes to the program.*

*Lower LCFS Planned Reductions from 20% to 30%.*

*First, we support increasing the target reduction from 20% to at least 30% by 2030, implemented beginning in 2024. Technologies and investments have proven that such reductions are achievable with existing technology in the near term. Without such a change, LCFS runs the risk of being a victim of its own success. That is, companies respond to the CARB program by supplying so many low-carbon fuels that the market becomes saturated. This kind of over-supply cycle is common in renewable energy and low carbon incentive programs and the resultant losses of businesses in these markets can serve as an object lesson to others and create a chilling effect on future businesses and investors. Thankfully, CARB does not have to allow this to happen. The LCFS rulemaking process gives CARB the ability to respond to real world developments such as the success of many low carbon fuels businesses, and the drop in transportation fuel consumption due to COVID and the growth of ZEVs. We encourage CARB to use that authority now to prevent an oversupply situation, and all the detrimental impacts that follow therefrom.*

*Limited Cultivated Biofuels to Prevent Oversaturation*

*Second, on the topic of oversupply, we support a cap on the quantity of lipid-based, non-waste feedstocks for biofuels dispensed in the LCFS. We recommend a limit based on the amount of biofuels supplied to California over a historic period prior to the LCFS implementation. As a company dedicated to recovering naturally-occurring gases from manure, we are very aware of the difference between harvesting a waste product for beneficial use and growing lipid-based feedstock simply for energy production. The dairy biogas industry is routinely scrutinized to prove that our LCFS benefits result from truly additional reductions in methane emissions. We cannot increase the amount of manure in the country simply to create more carbon-negative fuel and thus claim more LCFS benefits. But some portions of the biofuels industry can perform exactly that feedstock multiplication to increase their volume in the program. Left unchecked, this practice will flood the LCFS market with farmed energy crop fuels.*

*Thank you for your consideration of these comments.*