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

Dear Chairman Nichols:

On behalf of Clean Energy, I would like to express strong support and appreciation for the work staff conducted in developing the Short-Lived Climate Pollutant (SLCP) Reduction Strategy Concept Paper. We applaud staff for clearly discussing the problem, rationale, and urgency in reducing SLCPs. As North America's largest provider of natural gas as a transportation fuel, Clean Energy would like to offer the following comments for the record as the regulatory process begins in earnest.

As we already deliver renewable natural gas (RNG) to our 65 public station fueling network within California, we were very pleased to see that the Concept Paper views RNG as a strong solution to reducing the amount of methane and black carbon currently being emitted by California's existing infrastructure, equipment, landfills, dairies, wastewater treatment facilities, and transportation sector. Further, we were encouraged to see the acknowledgement within the paper that RNG production faces unnecessary barriers to entry that must be overcome since RNG can provide significant greenhouse gas emission (GHG) emissions benefits. The Concept Paper makes a direct link in the reduction of methane and black carbon to improved public health, fewer premature deaths, improved agricultural effectiveness, an improved environment, and a growing economy.

We support the SCLP Strategy's objective of incorporating further study to fill current research gaps. This is particularly needed with respect to methane leakage associated with RNG production at landfills, dairies and sanitation facilities. In fact, ARB staff working on the Low Carbon Fuel Standard is recommending the insertion of a "yellow cell" with a 1% leakage default for RNG production at landfills under the CA GREET 2.0 model because methane leakage data is limited. Additional research in this space before the next CA GREET model update can therefore materially improve the accuracy of the program. Therefore, we support further research that is based on empirical data, is peer reviewed, and provides for a collaborative stakeholder process that allows for feedback and an open dialogue.

We also support incentives for the use of RNG in heavy duty vehicles. RNG used as transportation fuel is perhaps the highest and best use of the fuel since the electric grid already enjoys a variety of renewable source options. Policies that support the natural gas vehicle industry's use of RNG can help meet the goals of SB 605 and Governor Brown's goals on 50% petroleum displacement and 40% carbon reduction by 2030, including his goal to limit global warming to 2 degrees Celsius through 2050. Unfortunately, neither the current year budget nor the proposed budget for 2015-16 include Cap and Trade funding levels that reflect the urgency or the opportunity to reduce SLCPs. We plan to support and expect the 2016-2017 fiscal year to align Cap and Trade and other funding with SLCP reduction priorities.

Clean energy strongly supports the SLCP Concept Paper's finding that significant changes to utility processes and incentives must be better aligned with SLCP reductions. At the same time, we also need to ensure that such changes in utility processes and incentives do not displace, disadvantage or undermine the competitive RNG production market that is currently being driven by the private sector. The Concept Paper is also correct that it is still too difficult to get biomethane into the pipeline. We urge ARB to include specific recommendations

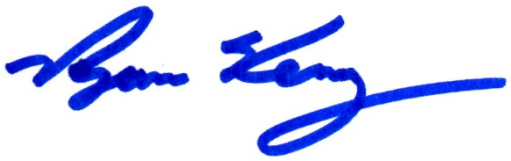
to revise utility processes and incentives that include the following:

- Allocation of Cap and Trade revenues to biomethane production and purification;
- Accelerated interconnection processes for pipeline biomethane;
- Cost certainty for pipeline interconnection;
- Utility incentives for accelerated interconnection and penalties for delays;
- Reconsider pipeline integrity standards for biomethane, such as the BTU requirement and siloxane testing levels set forth by the CPUC that vary significantly from other states and make pipeline biomethane cost prohibitive;
- Exemption of all biomethane used as vehicle fuel under the AB 32 Cap and Trade rules regardless of whether the utility purchases the fuel or not and without regard to the contractual history of the biomethane production facility.

We also believe a renewable gas standard would lead to an increase in RNG like the electricity sector enjoys with the Renewable Portfolio Standard and the transportation fuel sector with the Low Carbon Fuel Standard. Increasing renewable natural gas can reduce greenhouse gas emissions by tens of millions of metric tons per year.

Again, we commend staff on the development of the Concept Paper and are pleased there is ample recognition for the role RNG can play in meeting California's environmental goals. We look forward to working with ARB staff throughout the process and hope to assist the agency in developing the Strategy. Thank you for your time and consideration of our comments.

Sincerely,



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cc: Board members, California Air Resources Board