July 12, 2023

VIA ELECTRONIC FILING

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



Re: Draft Tier 1 Carbon Intensity Calculator for Biomethane from Anaerobic Digestion of Dairy and Swine Manure

Dear Dr. Laskowski:

The Coalition for Renewable Natural Gas (RNG Coalition) is a California-based nonprofit organization representing and providing public policy advocacy and education for the Renewable Natural Gas (RNG) industry.¹ RNG Coalition respectfully submits these comments to the California Air Resources Board (CARB) in response to the Draft Tier 1 Carbon Intensity (CI) Calculator (Calculator) for Biomethane from Anaerobic Digestion of Dairy and Swine Manure and associated Instruction Manual (Instructions).

We strongly support CARB staff's choice to develop improved Tier 1 calculators for this rulemaking. The majority of RNG pathways should be Tier 1 to reduce complexity and improve pathway processing timelines. We are committed to working with CARB to help achieve these goals.

A Credit True-up Remains Necessary to Properly Recognize the True Environmental Performance of All Biomethane Pathways

True-up crediting should be offered to improve clean fuel economics and help the program correctly account for the full greenhouse gas (GHG) benefits of RNG production. AD facilities are biological systems in which gas yields and CI can be unexpectedly impacted by issues outside of the control of the facility operator. Looking backward at actual CI performance is much easier than forecasting possible future CI performance for these systems. We continue to support a full true up to verified actual CI performance to recognize the actual GHG benefits of these facilities.²

All Biomethane Pathways Should Include the Option to Model Power Generation Matched with Electric Vehicle Use as a Finished Fuel

We continue to recommend that all Tier 1 calculators allow electricity generation as a finished fuel to facilitate matching with electric vehicle (EV) use. Alternatively, CARB could develop a Tier 1 calculator that takes a RNG pathway as an input and converts it to electricity for use in EVs. This would create a strong analog with the approach taken for hydrogen in the Draft Hydrogen Simplified Tier 1 Calculator. CARB has expressed a desire to see the biogas/RNG resource utilized outside of natural gas vehicle

¹ For more information see: <u>http://www.rngcoalition.com/</u>

² See our comment letters from prior workshops dated January 7, 2022, August 8, 2022, and September 18, 2022.

applications (including into fuel cells and other power generation equipment), creating appropriate Tier 1 calculators would help to facilitate this.

Allow Applicants to Account for Actual Fugitive Methane Performance, Even If Better Than Current Defaults

We reiterate³ our request that the Tier 1 framework allow projects the ability to always report projectspecific fugitive methane levels, even if lower than the current defaults. This value is often one of the most controversial aspects of RNG production and CARB should seek to increase the transparently about how the LCFS framework correctly incentivizes project developers to minimize methane leakage after capture. By allowing a Pathway to use a lower site-specific factor its incentives using new technology, such as three stage membrane systems or amine plants, which can have methane recovery rates of over 99 percent.⁴ Further, having a value different from the default should not push a project from Tier 1 to Tier 2.

If CARB does not agree with our recommendation to allow for lower site-specific values than current defaults, the fugitive emission default should be lowered to 1% (from 2%).

Related to this issue, the Instructions states the following somewhat misleading statement in Section 2 #1:

"The direct metering of the quantity and percentage methane concentration of biogas captured from the digester are not used in CI calculations, but rather as a check to ensure that total biomethane sales do not exceed the biogas quantity sourced from the digester".

However, it appears that the direct metering is used to calculate the fugitive emissions when the value is above the default.

Assuming One Lagoon Cleanout in September is a Reasonable Simplification

We note that CARB has made a simplifying change to default assumptions related to lagoon cleanouts used in determining baseline methane emissions in the Draft Calculator. Under this change, it appears that all projects would be required to assume one cleanout occurred annually in September.

That change may increase the CI and therefore reduce the credits issued to some projects—in some cases significantly. However, as we've stated previously, the goals of simplicity and transparency of carbon intensity calculation embodied by the Tier 1 calculators continue to be of paramount importance. We understand if CARB desires to trade accuracy for administrative simplicity in this instance, especially if it can lead to improved pathway processing times.

Clarify Timing of New Calculators Applicability

We request that CARB staff clarify when the new calculators are expected to be formally effective. We assume that this would occur with the effective date of the new LCFS regulation amendment, but would appreciate confirmation of that approach from CARB staff.

³ See our September 18, 2022, comment letter in response to the August 2022 Workshop.

⁴ <u>https://www.membrane-separation.com/en/upgrading-of-biogas-to-biomethane-with-sepuran-green</u>

Understanding the effective date of the new Tier 1 calculators is important to projects that have currently submitted provisional CI applications and are waiting for review/approval. We recommend that if projects submit their provisional CI applications before the new calculator takes effect, that they should *not* be required to transition the application to the new calculator. The timing of having a provisional application deemed complete, validated, engineering review completed and application provisionally approved is outside the applicant's control, the current pathway application queue is quite long, and switching to the new calculator will create additional procedural iterations and increased approval lag times—the opposite goal of the streamlining envisioned for the Tier 1 framework in this rulemaking. That said, if CARB chooses to require any projects awaiting provisional approval to update to the new Tier 1 calculator, it would be helpful for CARB to articulate this planned approach sooner rather than later.

Further, we request additional clarity on how existing pathways will be treated. We recommend that pathways with existing certified⁵ CI scores (including provisional scores) be able to continue to use the previous CI models for the remainder of their initial crediting period. Allowing existing projects to continue to follow the CI framework in place as they committed capital and made contractual commitments is sound policy and intellectually consistent with the crediting period concept found in the current rule.

Conclusion

RNG Coalition appreciates the opportunity for continued engagement on these topics. Providing strong and streamlined CI calculators improves the investment certainty for RNG projects. If CARB provides clarity through Tier 1 calculators that work well for RNG applications, the production of renewable gas will help to reduce methane emissions, improve manure management, and decarbonize California's transportation sector—or any other sector that CARB deems appropriate.

These simplified Tier 1 calculators also provide critical leadership that will allow other jurisdictions to follow California's example and adopt LCFS-style programs. We thank CARB staff for your continued hard work on these topics and look forward to a robust and effective LCFS rulemaking.

Sincerely,

/S/

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⁵ Simply saying that projects will have to use the new calculator upon "certification" without distinguishing between provisional certification and non-provisional certification (i.e., pathways with 24 months of data) leaves a lot of uncertainty for project developers and is therefore problematic with respect to making investment decisions.