CALIFORNIA BIOENERGY
Helping dairies fuel a renewable future
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October 15, 2024

Ms. Rajinder Sahota
Deputy Executive Officer - Climate Change & Research
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: California Bioenergy's Comments on the Second 15-Day Notice of Public Availability of Modified Text for the Low Carbon Fuel Standard Program Released October 1, 2024

Dear Ms. Sahota,

Thank you for the opportunity to provide these comments to California Air Resources Board (CARB) relating to the Low Carbon Fuel Standard (LCFS) the Second 15-Day Notice of Public Availability of Modified Text for the Low Carbon Fuel Standard Program Released October 1, 2024. California Bioenergy LLC (CalBio) is a leading developer of dairy digester projects. We are committed to producing clean, carbon-negative electricity and fuels, improving air quality, investing directly in the state by creating high-tech jobs in the renewable fuels sector, and helping CARB achieve its ambitious climate goals.

CARB's LCFS program has been essential in allowing CalBio's 50+ operating digesters to be built, which has led to significant progress towards meeting the goals of SB1383. CalBio writes these comments to express our concern that CARB did not go further to strengthen the ambition of the program. In particular, the near-term carbon intensity (CI) stepdown has not been implemented in accordance with the recommendations from a study by ICF[1], which outlined more aggressive reductions are feasible and necessary. By not aligning with the ICF findings, CARB risks missing an important opportunity to drive impactful emissions reductions. Moreover, it is disappointing that targets beyond a 30% reduction by 2030 were not proposed. In previous comment letters, CalBio recommended that maintaining the slope established in the proposal would result in a CI reduction target of ~34% by 2030. Doing so would create a path for greater emission reductions by shrinking the credit bank and creating greater investment in renewable fuels.

Additionally, CalBio recognizes the modifications made to the regulatory text around avoided methane crediting periods which are important in helping sustain projects and allow them to continue providing benefits to the state. However, the modification to reduce the total number of crediting periods from three to two 10-year periods for projects which are not certified before the effective date of the regulation remains problematic. This clause potentially undermines many promising dairy digester projects that have already begun construction but may not have an opportunity to be certified in time. Investment was made in these projects under the prior rules of the program and deserve equal support

[1] https://www.arb.ca.gov/lists/com-attach/7586-lcfs2024-VDVTO1Q0UG8DfwB5.pdf

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and incentives, as they are critical to advancing California's clean energy transition and contribute significantly to the state's long-term climate. The regulation should have been written to more broadly include projects that have commenced construction, ensuring that they are not unfairly excluded from the program.

CalBio appreciates CARB's recognition of innovative non-combustion electric generation technologies, such as fuel cells, within the "book & claim" framework of the LCFS program. Moreover, the inclusion of temporary pathways for dairy biogas-to-electricity is crucial in ensuring that these advanced technologies can contribute meaningfully to emissions reductions. This support for innovative non-combustion electric generation technologies is consistent with Public Resources Code AB 1921 which was moved through the legislature and recently signed by the Governor. Additionally, we understand the LCFS amendments regarding fuel cells are well-aligned with recent federal definition as stated in the Proposed Rule by the Internal Revenue Service on 11/23/2023, which states:

Section 48(c)(1)(C) defines the term "fuel cell power plant" as an integrated system comprised of a fuel cell stack assembly, or linear generator assembly, and associated balance of plant components that converts a fuel into electricity using electrochemical or electromechanical means.

Thank you for the opportunity to provide these comments. We believe the climate emergency demands CARB strengthen the program to support achievement of California's legislatively-mandated greenhouse gas reduction targets. We look forward to further dialogue on these topics.

Sincerely,

Andrew Craig
Vice President, Greenhouse Gas Programs
California Bioenergy LLC