



October 16, 2024

Chair Randolph Liane Randolph
Low Carbon Fuel Standard Program
1001 I Street
Sacramento, CA 95814

RE: Low Carbon Fuel Standard Second 15-Day Modifications

Dear Chair Randolph and Members of the California Air Resources Board,

DTE Vantage (DTE) appreciates the opportunity to comment on the second 15-Day modification package to the Low Carbon Fuel Standard (LCFS). DTE is a developer, owner, and operator of biomass, co-generation, and landfill gas electricity facilities in California and nationally, supplies renewable natural gas (RNG) to the state, and participates in the LCFS program.

DTE appreciates CARB's efforts to release a second 15-Day modification package following the feedback received on the first 15-Day package on August 12, 2024. We recognize that CARB has incorporated stakeholder feedback and strongly agree with the increase in program targets and the new adjustments to the auto-acceleration mechanism (AAM). We believe these changes are essential to meet the state's emissions reduction goals in the transportation sector while fostering further investment and innovation in clean technologies.

However, we would like to highlight our continued concerns about several key issues which remain or have been introduced in the second 15-Day package:

1. The proposed reduction in the number of crediting periods for avoided methane emissions
2. The introduction of new restrictions on biomethane pathways are contradictory and will undercut methane reductions
3. The continued inclusion of a 4x penalty for instances where a verified CI score exceeds the certified score
4. The imposition of deliverability restrictions into the program
5. The proposed transition to CA-GREET 4.0 model

We remain grateful for CARB's extensive efforts to solicit feedback from stakeholders who are deeply invested in the LCFS's success, and we respectfully provide additional comments for its consideration.

Avoided Methane Crediting Remains a Key Policy for Enabling RNG Projects and Maximizing GHG Capture

The first 15-Day package proposed instituting limits on the crediting period for avoided methane emissions projects to two consecutive 10-year crediting periods instead of three for projects breaking ground before January 1, 2030. The second 15-Day package adjusted these

requirements to state that a project certified before the regulation's effective date is allowed three consecutive 10-year crediting periods, and projects certified after the regulation's effective date or after January 1, 2030, will be limited to two consecutive 10-year crediting periods. DTE maintains its strong disapproval of the proposed reduction in crediting periods and does not believe that CARB has demonstrated a rationale for changing this fundamental policy for driving methane capture.

Avoided methane crediting is essential for covering the operating expenses in many existing agricultural and organic waste diversion projects, where commercial viability relies on CI scores from avoided methane. Reducing the crediting periods shortens the available timeframe for recovering capital costs and justifying investments. Until an alternative market exists to support continued methane abatement at agricultural operations, DTE Vantage asks that CARB reverse its proposal to phase out the third avoided methane credit period.

New Provision Effectively Ending RNG to Natural Gas Vehicles by End of Decade will Slow Methane Reductions and Contradicts Other Provisions in Amendment Package

New to the second 15-Day Package, but not included in the staff summary of the material changes, is a major new proposal imposing restrictions on biomethane pathways starting in 2030. Paragraph (g) in section 95482 mandates that for new projects that break ground after December 31, 2029, RNG used in CNG vehicles will receive the CI of natural gas and not the CI of the RNG created after December 31, 2040. This provision has not appeared in previous drafts, and we are concerned that at the very end of this multi-year LCFS amendment process, CARB staff is proposing, for the first time, to end pathways for certain vintage RNG supplying negative CI fuel to trucks, buses and other vehicles. This new restriction will undoubtedly diminish development of new biogas projects several years before the December 31, 2029 deadline as developers will not pursue projects that miss the break ground deadline or begin operation without at least two, ten-year avoided methane crediting periods of LCFS credit generation potential. As a result, this provision curtails an effective tool for eliminating manure related methane emissions at dairies and other facilities, despite other new provisions extending methane abatement credits. DTE strongly objects to the last-minute insertion of this sunset provision that contradicts other changes and will disrupt ongoing efforts to abate methane from agriculture sites.

CARB's Proposed Remedy of a 4x Penalty for CI Exceedance is Excessive and will Disproportionately Impact Agriculture Facilities

DTE remains concerned with the continued inclusion of a 4x penalty for adjustments when the verified CI exceeds the certified CI for a pathway. Digester-sourced biogas projects have inherent CI variability due to uncontrollable factors like livestock population, manure collection, and weather, which could drastically change the CI score from year to year. Imposing a 4x penalty for adjustments not resulting from misconduct is unwarranted and unfair. DTE Vantage supports adopting a mechanism for refunding excess credits but opposes the punitive 4x penalty, as there is no historical justification for it.

We would continue to encourage CARB to eliminate this multiplier penalty. Instead, we encourage CARB to adopt a true-up mechanism whereby excess credits are refunded back to CARB, and additional credits are awarded following each annual review showing that a lower CI score was warranted. We believe this would be an acceptable solution to the inherent variability in dairy manure digester pathways.

Proposed Changes to Demonstrate Deliverability into the California Market are Unworkable

DTE Vantage appreciates the changes that have been made to the previously proposed restrictions on book-and-claim deliveries for bio-CNG, bio-LNG, and bio-L-CNG pathways. While the updated proposal now limits the application of these changes to projects that break ground after December 31, 2029, the restrictions are still not justified, necessary, or comprehensible enough to give projects needed clarity going forward. There is no issue with tracking or double-counting with the existing book-and-claim approach and imposing a future restriction on gas delivery that cannot be verified at the time of construction creates a major obstacle for investors to initiate new projects for the LCFS program.

CARB Should Phase in Changes to GREET Model for Existing Pathways

For existing pathways (including projects that qualified under Tier 2 CI calculations), CARB is proposing to require pathway holders to use the new CA-GREET 4.0 or the revised Tier 1 Calculators, and these new CI scores will be incorporated into fuel transactions starting January 1, 2026. DTE Vantage is concerned that the same project operating in the same manner with the same feedstocks may end up with a materially different CI score due to changes in the GREET model. For these reasons, DTE Vantage urges CARB to provide existing biomethane pathways with a fixed period (such as 5 years) where it can rely on the existing CI score properly calculated under CA-GREET 3.0 and/or Tier 1 before applying this new CI calculation for demonstrating compliance.

DTE Vantage appreciates the opportunity to submit additional feedback on the second 15-Day package. We commend CARB for its ongoing commitment to public engagement throughout the amendment process and look forward to collaborating with the agency on these important issues.

Sincerely,



Philip O'Neil
Vice President – DTE Vantage