

## Comments Re: 2016 Cap and Trade Regulation Amendments

September 19, 2016

To Whom It May Concern:

Thank you for the opportunity to provide comments for the 2016 Cap and Trade Regulation Amendments. Ag Methane Advisors helps dairies around the country reduce their methane emissions, including supporting dairies with digester projects that participate in CARB's C&T program.

We appreciate CARB's inclusion of our previous comments in the August 2, 2016 Initial Statement of Reasons and Proposed Regulation Order. In particular we support the modifications to Section 95973(b). Limiting the period of time that a project is not eligible to receive offsets (as a result of regulatory compliance issues) to only the period when the project was out of regulatory compliance is reasonable and prudent. Furthermore, it provides an incentive for projects that may not be in compliance to take necessary actions to come into compliance. CARB's proposed modifications to Section 95973(b) are appropriate, reasonable and will have a substantial impact on streamlining the Cap and Trade Program while simultaneously incentivizing responsible and diligent operation of dairy digester projects.

The current language in Appendix E, Section (b), however, is broad and potentially could be interpreted to penalize good projects for regulatory compliance issues that have no direct bearing on the project or the integrity of the generated offsets. As stated in previous comments the importance of causation in relation to the scope of project activities should be considered. If project activities did not cause the regulatory non-compliance they do not "directly apply".

For example, post digestion manure is usually stored in an effluent pond. From there manure is eventually land applied. A manure spill that occurs downstream of the effluent pond during land application would not be caused by operation of the anaerobic digestion project. Any farm managing manure whether there is a digester present or not could have a manure spill.

The above principle of causation appropriately limits the scope of project activities that "directly apply" and have a "bearing on the integrity of the generated offsets". For livestock anaerobic digestion projects, project activities can be interpreted as those associated with manure collection and disposal, and methane collection and destruction. CARB can interpret manure disposal from the project as occurring in the post digestion effluent pond. Manure land application activities not caused by project activities should not be considered directly applicable to the project.

Therefore we propose that CARB amend Appendix E: Offset Project Activities Within the Scope of Regulatory Compliance Evaluation, Section (b) as follows: (proposed amendments are shown with underlined text)

Projects Using a Compliance Offset Protocol in Section 95973(a)(2)(C)2. All project activities associated with the installation and operation of the biogas control system that captures and destroys the methane must be in compliance with all requirements that have a bearing on the integrity of the generated offsets. Project activities begin at waste collection and end at onsite biogas usage and the disposal of associated digester effluents in the project's effluent pond. Project operations relating to the removal, transport or land spreading of manure from the post digestion effluent pond are not considered project activities and do not have a bearing on the integrity of the generated offsets.

Finally, thank you for proposing changes to section 95977.1(b)(1) which would allow verification services to begin 10 days after submission of Notification of Verification Services to CARB, and for changes to section 95803 which specifies that on documents submitted to CARB electronic signatures will have the same legal effect as handwritten "wet" signatures. Both of these are small changes, which will have the effect of significantly streamlining the process of registering offsets in the Cap and Trade program.

Thank you for your consideration of these comments.

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