February 20, 2024

VIA ELECTRONIC FILING

Matthew Botill
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: SJI Renewable Energy Venture's Comments on the Low Carbon Fuel Standard (LCFS) Proposed Amendments

Dear Mr. Botill:

SJI Renewable Energy Ventures focuses on clean energy development and decarbonization via renewable energy production and energy management activities. Through these activities, we are committed to the nations transition to a carbon-free economy and, accordingly, has developed a comprehensive clean energy plan that includes being a leader in the development of dairy digestor projects in the United States. SJI works closely with the Environmental Protection Agency (EPA, California Air Resources Board (CARB), local dairy farmers, utilities, and surrounding communities to directly reduce greenhouse gas (GHG) emissions.

SJI Renewable Energy Ventures thanks CARB for the opportunity to take part in the many workshops and conversations during the development of the Proposed Amendments (Proposed Rule) and the Initial Statement of Reasons (ISOR). We respectfully submit the following comments on the Proposed Rule and ISOR. Through the enhancement of the program's goals, CARB will be best suited to address GHG reductions from transportation fuels. The following comments will focus on avoided methane crediting, increased program ambition, credit true-up, and deliverability. Additionally, SJI Renewable Energy Ventures supports the technical comments submitted by the RNG Coalition and additional comments from the American Biogas Council.

Avoided Methane Crediting

SJI Renewable Energy Ventures has invested in projects that will cost-effectively achieve immediate fugitive methane emission reductions from agricultural operations. The lifecycle GHG emissions
accounting that underpins the LCFS program recognizes the benefit of these avoided methane emissions that would have otherwise occurred absent investments like those made by SJI Renewable Energy Ventures. The RNG projects that we are developing will likely be certified at deeply negative carbon intensity values because of this explicit and immediate benefit to methane emission reductions at

agricultural operations. The Proposed Rule seeks to utilize a fixed year phase-out of avoided methane crediting. Avoided methane emissions is a vital, fact-based, part of the life cycle assessment and its' inclusion in carbon intensity scores is consistent with internationally recognized carbon accounting. The LCFS program has been extremely successful in reducing overall methane emissions. SJI Renewable Energy Ventures strongly encourages CARB to continue to utilize the current method of acknowledging avoided methane emissions and the use of Argonne National Laboratory's GREET model.

Increased Program Ambition

SJI Renewable Energy Ventures is encouraged to see that the Proposed Rule sets forth more ambitious carbon intensity targets. As mentioned in previous comments, stronger CI reduction targets is an essential element to driving down GHG emissions. Given the current LCFS credit surplus, seen over the last few years, a larger step-down in the carbon intensity benchmark is critical to signal market support and increase investments. We support the ABC's comments on this topic. Specifically, (1)"by increasing the step-down as well as pulling forward the effective date for triggering the Auto Acceleration Mechanism (AAM) CARB can "recapture" reductions in GHG emissions that will otherwise be lost with the current proposal. Doing so will also send a clear, and supportive market signal to continue investments in clean fuels that would otherwise be constrained and subdued by the current proposal." Additionally, we support the RNGC on this policy topic through their comments. (2) "Increasing the program's benchmarks to set a 25% CI reduction below the 2010 Baseline in 2025 would be sufficient to begin to draw down the credit bank, reestablish a demand for additional expansion in low carbon fuel supply, and therefore drive additional greenhouse gas abetment. Further, starting the step-down as soon as possible and avoiding unnecessary bank build is crucial. We recommend that CARB target the step-down to occur on 7/1/2024 to a level of 25% below the 2010 baseline and maintain that level through 12/31/2025 (assuming CARB elects to retain the updated 2010 diesel baseline value and that the necessary administrative steps can be accomplished on this timeline)." Finally, we strongly encourage CARB to continue to target *at least* a 30% CI reduction by 20230.

Deliverability Requirements/Book-and-Claim

Book-and-Claim has allowed the LCFS to become one of the most successful decarbonization programs in the country. California has benefitted from the use of indirect accounting through national investments and participation in the LCFS. In return, the program has been highly successful at reducing GHGs, a goal we all support. SJI Renewable Energy Ventures respectfully requests CARB continues to allow for this type of accounting to ensure GHG reductions continue at a successful rate. Although the policy concept of new deliverability requirements has been mentioned throughout the stakeholder process, specifics never emerged. We strongly request that deliverability language, in the Proposed Rule, be removed to allow for greater stakeholder engagement on the specific topic.

(1) American Biogas Council Comments on the Proposed Amendments to the Low Carbon Fuel Standard
(2) RNG Coalition's Comments on Low Carbon Fuel Standard Initial Statemen of Reasons

SJI Renewable Energy Ventures

Credit True-Up
We support the inclusion of a credit true-up after Annual Verification. An appropriately implemented true-up policy will ensure that that all GHG benefits are accounted for. However, as drafted in the Proposed Rule, we believe there needs to be a correction. As drafted, it appears the Proposed Rule will NOT allow true-ups during the temporary pathway period. During the August 2022 LCFS Workshop, CARB Staff proposed providing a credit true up to correct for under crediting to pathway holders *only* during the period where a project is using temporary CI scores at the outset of their credit generation. The material used during the Workshop provided that such a limited true up would help reduce the pressure on CARB from developers to process LCFS applications quickly.

Due to factors such as weather and herd size changes, dairy manure digestors can experience drastic changes in gas production throughout a given year. With the carbon intensity of the gas being calculated against the quantity of avoided methane emissions, the variations in biogas production results in changes in a digestor's CI score every year. We believe, if digestors were allowed to fully true-up the LCFS credit generation to the actual CI score (based on actual GHG performance data), any issues the Proposed Rule is trying to address, would be resolved.

Conclusion
SJI Renewable Energy Ventures appreciates the opportunity for continued participation throughout this rulemaking process. A process that is critical to achieve the decarbonization goals that we both share. We remain committed to providing RNG to the California LCFS market and helping to reduce methane emissions, improve animal manure management in agricultural communities and decarbonize California's transportation sector. We thank CARB for your continued work toward this end and look forward to a robust and effective LCFS update.

Sincerely,

Kyle Nolan

Kyle Nolan
Chief Operating Officer
SJI Renewable Energy Ventures

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