



April 20, 2018

Clerk of the Board
California Air Resources Board
P.O. Box 2815
Sacramento, CA 95812

Submitted Electronically:

[https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=cleantransit-
ws&comm_period=1](https://www.arb.ca.gov/lispub/comm2/bcsubform.php?listname=cleantransit-
ws&comm_period=1)

RE: Innovative Clean Transit Regulation Concept - OPPOSE

Dear Board Members,

Montauk Energy ("Montauk") writes to respectfully oppose the Innovative Clean Transit Regulation Concept. As it is our mission to increase the sustainability of human and environmental health through the progression of energy development, we appreciate your goal of improving the environmental performance of California's transit sector as measured by its contribution to emissions of greenhouse gases and air pollution statewide. However, the approach taken in this proposal of requiring all new transit bus purchases to be zero-emissions buses by 2029 and 100 percent zero-emission transit system by 2040 would devastate the RNG industry in California, and could even work counter to the State's GHG reduction goals by reducing the incentives to provide increasing amounts of renewable natural gas that has a low or even negative carbon intensity.

California Air Resources Board appears to be pursuing wide-scale electrification of the heavy-duty transportation sector prior to the implementation of legislation that puts this regulatory concept at odds with existing law. SB 1383 (Lara) [Chapter 395, Statutes of 2016] codified a requirement for state agencies to consider and adopt policies and incentives to significantly increase the sustainable production and use of renewable gas. While the Low Carbon Fuel Standard (LCFS) has been a strong driver to increase renewable gas production, the Innovative Clean Transit (ICT) Regulation Concept would do the opposite. If implemented as currently proposed, the ICT regulation will significantly undermine the production and use of renewable gas by the transit sector in California by making it illegal for some of the largest users of renewable natural gas to purchase vehicles that can use renewable gas as a fuel. The California Air Resources Board's contemplation of such a prohibition has already sent a chilling effect across the renewable gas industry and is hindering the ability of project developers to secure the tens of millions of dollars of investment capital needed to construct Renewable Natural Gas (RNG, Biomethane or upgraded Biogas) production facilities. This not only affects our industry,



but also has the potential to disrupt the LCFS as well by removing a major source of credits going forward.

Respectfully, we ask that you consider an alternative, performance-based compliance pathway that takes set standards for NOx and GHG emissions. We believe that a performance-based approach, correctly designed, has the potential to address all of our concerns while maximizing the environmental and public health benefits associated with increased utilization of ultra-low carbon transportation fuels in near-zero emission vehicles. Per CARB's internal analysis, the use of renewable CNG compared to diesel in heavy-duty vehicles results in an 87% reduction in GHG emissions. Substituting diesel with conventional CNG alone yields a 20% decrease in GHG emissions. We believe that a performance standard can be designed to help achieve the State's air quality, climate, and public health goals while providing transit agencies the flexibility to continue meeting expanding needs for effective, efficient, and affordable regional transit services across California.

We believe that the transit sector continues to provide California with an excellent opportunity to reduce greenhouse gas emissions from transportation fuel sources while simultaneously reducing our country's dependence on foreign oil by creating demand for clean, domestic and renewable transportation fuel. RNG has played a key role in compliance with the LCFS to date, responsible for 231 million GGE and over 1.6 million credits in the program as of 2016. Indeed, the ICT proposal would not only remove many major purchasers of RNG from the market, it ignores existing infrastructure that can easily be a source of new RNG production and would force replacement of RNG with higher carbon intensity ("CI") electricity in many situations. For example, the lowest and highest CI values attained by RNG pathways under the LCFS are -272.97 and 80.62, respectively, compared to California's average electricity mix at 124.10. These values represent a distinct and meaningful disparity between the impact of RNG versus electricity.

In addition, the use of RNG has added benefits in terms of helping California meet additional policy goals by capturing and converting for productive end-use methane that would otherwise be flared (combusted and wasted) or worse, escape fugitively into the atmosphere as a highly potent short-lived climate pollutant from dairies and livestock waste, wastewater treatment facilities, and landfills. The development of RNG production facilities foster improved management of waste streams, reduce soil and water impacts and stimulate California's clean energy economy. In contrast, mandating increased production of electric buses has the potential to increase environmental impacts associated with battery production and disposal of old batteries.

Having over 30 years of experience in the development, operation and management of landfill methane fueled renewable energy projects, Montauk is a key player in the RNG industry. With soon to be ten (10) pipeline quality renewable natural gas facilities across the country, Montauk is continuously exploring and investing in renewable natural gas projects; this Concept would



provide a lack of clarity, and uncertainty, for Montauk to invest in projects within the State of California.

We ask that you work collaboratively with the RNG Coalition on behalf of the RNG industry in North America, recognize the important role that Renewable Natural Gas plays in the desired transition to a zero-emission transit sector, and in achieving our state's air quality, climate, and public health goals.

Sincerely,

A handwritten signature in blue ink, appearing to read "Marty Ryan".

Marty Ryan, Esq.
President and Chief Executive Officer

cc: Tony Brasil, Branch Chief, Heavy Duty Diesel Implementation Branch