

February 20, 2024

VIA ELECTRONIC FILING

Chair Liane M. Randolph
California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Maas Energy Works Public Comments on the Notice of Public Hearing to Consider Proposed Low Carbon Fuels Standard Amendments

Dear Chair Randolph:

Maas Energy Works (MEW) is North America's largest developer of dairy manure digesters, and one of the two major such companies active in California. Our facilities generate renewable natural gas (RNG) and electricity use as carbon-negative vehicle fuel. Working with our partner families in the California dairy industry, Maas develops projects that support the California Air Resources Board's (CARB) goal of greenhouse gas (GHG) emission reductions. They also protect regional air and water quality, create local jobs, and provide a new revenue stream along with other meaningful benefits to the dairy.

Thank you for the opportunity to provide comments to CARB on the Proposed Low Carbon Fuel Standard Amendments as presented by CARB staff on December 19, 2023. We fully support the comments submitted by the Coalition for Renewable Natural Gas, which has provided a detailed and authoritative response to the full set of issues raised in this process.

We would like to bring particular attention to the following points in RNC Coalitions comment, using the numbering system from their letter.

1.1 Target Setting The market is oversupplied to a degree that the proposed rule changes will not sufficiently rebalance. The surplus credits will continue to build for years, even more so with the proposed CI change to ULSD. We request CARB refer to the excellent analysis prepared by ICF and described in the RNG Coalition's letter, with the accompanying recommendations regarding changes to the timing and degree of annual CI targets.

2.1.1, 2.1.2, and 2.1.3. Avoided Methane The US dairy RNG industry has been largely built upon capturing fugitive methane emissions and receiving credits for turning those emissions into transportation fuel. Without a way of monetizing those reductions, future investments in digesters are at risk. While we appreciate that the draft rule gives dairy RNG projects a long time before phasing out avoided methane crediting, CARB is still signaling that its goal is to end avoided methane crediting—even if those methane reductions remain additional, verifiable, and voluntary. We would prefer CARB communicate that avoided methane crediting will remain valid under the LCFS for as long as the reductions are additional—just like any other fuel. We note that the European Union's Renewable Energy Directive, Argonne-GREET, and many other leading protocols assign avoided methane benefits to RNG, and we ask CARB not to be the leader in tearing down an industry that CARB has done so much to build up.

2.2 Credit True-Up CARB's proposed true-up mechanism should be helpful in allowing RNG projects to claim the full value of the verified emissions reductions created the project at the end of each verification



cycle—but only at the risk of 4x penalties if the verified score comes in too high. By itself, this change will reduce or delay revenues to digester projects but is at least helpful in providing a way to avoid triggering Notices of Violation (NOVs) in the LCFS program. But the original intention of the credit true-up, as discussed in CARB workshops, was to allow for projects to receive the full value of their verified emissions reductions, full stop. We do not understand why CARB did not extend this same verified, science-based true-up logic to the startup period. Projects that are forced to use a Temporary Fuel Pathway Code should be automatically entitled to later the full value of their emission reductions if and when the underlying data has been validated or verified. As it is, the startup revenue delays, lost credits, risk of NOVs, and regulatory uncertainty are pushing our company and many other developers to question whether supplying carbon-negative RNG to the LCFS program is still a good investment. By making the Credit True Up apply to the initial startup period, CARB can solve one of these problems favorably and accurately. The 4x penalties might be tolerable if there was a full true up in place, but without full accounting for the emissions reductions that our projects generate, the 4x penalty is just punitive.

2.3.3 Book and Claim Book and claim accounting for natural gas deliveries is standard across the RNG industry in North America and much of Europe. We ask CARB not to create new obstacles to the delivery of RNG which will confuse and inhibit production or RNG and/or abatement of dairy methane. Again, the message coming from CARB in these kinds of proposed changes is that RNG should expect more regulatory downsides. Such messages make it very hard to take risks on future projects.

3. Auto Accelerator Mechanism We applaud the AAM as a needed tool to balance supply and demand in the LCFS market. Due to the large and rapidly growing oversupply in the market, we urge that the mechanism be triggered earlier. As proposed, it cannot be triggered earlier than 5/15/2027 and the impacts of this mechanism might not be felt for months or even years after that date. Our company is already needing to pause investments in this sector until demand is more certain.

Review of Missing Data Substitution. CARB, like many regulatory bodies, has previously recognized the use of “reasonable temporary methods” to address data gaps, noting operational realities result in varying gaps that can be reliably filled in reasonable ways that consider the context of each situation. RNG Coalition urges CARB to continue to allow those participating in the LCFS to be able to use “a reasonable temporary method,” rather than prescribing the limited data substitution tactics specified under 95491.2(b)(2)(B)’s Table 13 or resorting to an “Executive Office approved alternate method.”

We appreciate CARB’s hard work and devotion to improving the LCFS program. We appreciate the dedication of CARB LCFS staff in preserving the integrity of the program. Thank you, again, for the opportunity to comment on the draft rule.

Warmly,

Daryl Maas, CEO