

CARB LCFS October 2020 Public Workshop Comments

5 November 2020

By ACT Commodities

Introduction

As a member of IETA (International Emission Trading Association), ACT Commodities (ACT) is a global leader in trading energy and environmental commodities. We provide solutions to over 5000 clients worldwide who need to meet environmental compliance requirements and voluntary sustainability goals. With over a decade of experience, ACT is a knowledgeable and active participant in the global carbon market, including emission trading mechanisms in Europe, South America, Africa, Asia, and voluntary standards such as the Verified Carbon Standard (Verra). ACT is active in California's RPS and LCFS as well as the Federal Renewable Fuels Standard.

ACT would like to take this opportunity to comment on the **Low Carbon Fuel Standard Potential Regulation Amendments**, public workshop from October 2020.

Credit True-up for Temporary Pathway CIs

ACT strongly supports the suggested amendment to allow temporary CI transactions to request a true-up of credits using the certified CIs for fuels reported. The certification process is robust as is, requiring historical data, CARB review, and in the case of Tier 2 pathways public commenting. This certified CI represents the carbon intensity over the historical period and therefore should retroactively apply to the referenced volumes once CARB certification takes place. Fundamentally, this amendment will enhance the integrity of the program by improving the accuracy of credit generation. Additionally, the amendment will weaken the argument for impractical temporary storage and improve plant economics during the crucial early months of operation.

EER Values Available for Reporting

ACT is supportive of establishing EER values in Table 5 for CNG and propane forklifts. In general, when there is a widely accepted and undisputed evidence for an EER ACT supports its adoption. Furthermore, ACT encourages CARB to consider creating an administrative process for establishing public EERs outside of a rulemaking. The current process for EER-adjusted CI may limit wide adoption of new applications. As timelines for amendment periods become more infrequent an administrative process, with public commenting, can bridge the gap for vehicle/equipment adoption.

REC Retirement for Low-CI Electricity

ACT supports REC retirement in alignment with the book-and-claim methodology. Additionally, ACT suggests expanding this methodology for REC retirement to include process energy used across all opt-in fuels. The reliable, additional, and accountable nature of RECs will widely promote renewable energy adoption across all alternative fuel classes.

Carbon Capture and Sequestration (CCS)

In the spirit of Article 6 of the Paris Agreement, CARB's current allowance of LCFS generation from worldwide DAC projects is an example of how global market approaches can help solve the global problem of climate change. Furthermore, quickly decreasing the marginal abatement costs for DAC technology and thus allowing for a fast scaling up will play a crucial role in keeping global warming below the 2 degree Celsius level. This fact is also acknowledged by the Intergovernmental Panel on Climate Change. Finally, ACT stresses that DAC not only reduces emissions but removes them permanently from the atmosphere. We recommend no changes to the current robust quality standards for LCFS-qualified DAC projects.



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Farmer's Business Network Presentation

ACT is generally supportive of identity-preserved low-carbon feedstocks for all biofuels and believes such an amendment is well-positioned to spur innovation in the industry. As FBN noted “the LCFS program provides both the infrastructure to calculate carbon intensity and a market mechanism to value it”. Furthermore, the Climate Action Reserve, an approved Offset Project Registry (OPR) under California’s Cap-and-Trade recently adopted a Soil Enrichment Project Protocol (SEPP) which can serve as a guideline to attribute enrichment practices (fertilizer, soil amendments, irrigation, tillage, cover crops, crop rotations, and grazing) to the carbon intensity of a feedstock.

CARB Offset Protocol Task Force

ACT points CARB’s LCFS team to the draft report presented by the Offset Protocol Task Force (OPTF). The OPTF is assigned to review potential future protocols under the Cap-and-Trade system and has recommended an offset protocol for the diversion/conversion of cattle manure storage from anaerobic systems to aerobic systems for the avoidance of methane emissions. The CARB Livestock Protocol includes extensive information needed for calculating emissions from any manure management source on a dairy. The Protocol attributes composting as a method to **reduce methane emissions 160 times compared to warm temperature anaerobic storage lagoons**. Additionally, the draft report cites CDFA commissioned UC Davis research which provides evidence for **solid separators as a method to reduce methane up to 83.4 %**. However, neither composting nor solid-separators are reliably economic or broadly adopted. Furthermore, existing unrewarded aerobic practices may discourage dairy, swine, and cattle farms from the advancement of additional methane reductions. ACT is supportive of reflecting all avoided methane emissions, including those that avoid their creation in the first place (aerobic composting and solid-separation), in biogas electricity and RNG CI fuel pathways.

Conclusion

We thank you for your time and attention to the comments provided here. Please reach out if you would like to discuss further.