Finding a Better Way

August 27, 2024

Matthew Botill
Division Chief, Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814
VIA ELECTRONIC DELIVERY

RE: Comments on the August 12, 2024, Proposed Low Carbon Fuel Standard Amendments (15- day changes)

Dear Mr. Botill:

I write on behalf of U.S. Venture, and our U.S. Energy subsidiary, regarding the Proposed Low Carbon Fuel Standard (LCFS) Amendments published August 12. We generally support the amended proposal and appreciate the California Air Resources Board's (CARB's) continued efforts to balance diverse stakeholder input. In addition, we support the detailed analysis submitted by the Coalition for Renewable Natural Gas (RNGC) and the comments offered by the American Biofuels Council (ABC). Outlined below are two issues related to renewable natural gas (RNG) that warrant additional consideration before the final regulation is approved.

U.S. Venture is a 70-year-old family-owned company based in Northeast Wisconsin. Our vision is to be the very best provider of transportation products, sustainability solutions, and insight driving the world forward. Our more than 4,600 employees at 110 locations nationwide include nearly 600 employees in California. Our U.S. Energy group is nationally recognized as an innovative leader in the distribution of renewable and traditional energy products, including RNG as a drop-in replacement for fossil natural gas (with 71 California dispensing locations), for thermal applications and as a feedstock for hydrogen production. We have actively participated in the LCFS program since 2013 and commend CARB as a global leader in promoting the development and use of low carbon transportation fuels.

We would like to highlight two areas of concern cited by RNGC, ABC and others: the staff proposal to develop a "gas system map" deliverability study and the reduction of avoided methane crediting periods to two from three.

Regarding the "gas system map" deliverability study, the proposed amendments state on page 11:

> *"In subsection 95488.8(i)(2), staff proposes to modify deliverability requirements for book-and-claim accounting for biomethane. The modification adds a condition that if the Executive Officer approves a gas system map identifying interstate pipelines and their majority directional flow based on specified flow data by July 1, 2026, pathways for bio-CNG, bio-LNG, and bio-L-CNG combustion in vehicles would need to demonstrate physical flow to California after December 31, 2037."*

Finding a better way

Although this approach is much improved over earlier proposed deliverability restrictions, it suggests future regulations based on an as-yet-defined map. Any restrictions based on mapped gas flows could arbitrarily penalize existing and in-development out-of-state projects which depend on the LCFS for economic feasibility. It would also damage CARB's position as a global leader in emissions reduction programs, and if California creates arbitrary deliverability requirements for out-of-state biomethane, other states may follow. This patchwork of disjointed policies would discourage RNG development investments – the most cost-effective, high-quality emission reduction projects – and set the country back on its goal to reduce greenhouse gases, especially short-lived climate pollutants like methane.

Regarding the avoided methane crediting period reduction, the proposed amendments state on page 12:

> *"In subsection 95488.9(f)(3)(A), for projects breaking ground before January 1, 2030, staff proposes to reduce the total number of crediting periods for avoided methane emissions crediting periods to two, rather than three. This proposed change aligns more closely with the end-dates for avoided methane pathways that break ground after December 31, 2029, which was proposed in the Staff Report 3, while still providing an incentive to develop methane capture projects."*

While this language is also much improved from the earlier proposals to phase out avoided methane crediting, reducing the number of crediting periods will likely still lead to less investment in new methane reduction projects. We believe that methane crediting should remain a long-term tenant of the LCFS program; however, if CARB feels it must end, retaining three periods is a better approach.

In summary, U.S. Energy applauds CARB for continuing to incentivize the development of dairy digester avoided methane projects. We look forward to continuing to work with the agency to deliver the benefits of avoided methane and cleaner fuels.

Thank you for the opportunity to provide feedback on the proposed LCFS changes. If you would like any further information on the comments above, please let me know.

Sincerely,

s/*Brian Casey*

Brian Casey
Head of Government Affairs
U.S. Venture/U.S. Energy