



Kevin Barker  
Senior Manager  
Energy and Environmental Policy  
555 West 5<sup>th</sup> Street  
Los Angeles, CA 90013  
Tel: (916) 492-4252  
*KBarker@socalgas.com*

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The Honorable Liane Randolph, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

**Subject: Comments on the California Air Resources Board Proposed 15-Day Amendments to the Low Carbon Fuel Standard**

Dear Chair Liane Randolph and Honorable Board Members:

Southern California Gas Company (SoCalGas) values the opportunity to provide feedback on the Proposed 15-Day Amendments (Proposed Amendments) to the Low Carbon Fuel Standard (LCFS). The LCFS has played a critical function in decarbonizing the transportation sector and will continue to foster a cost-effective transition to clean fuels. These clean energy resources will provide a critical complement to electrification in California's quest to achieve carbon neutrality by 2045.

The Proposed Amendments make important changes to both maintain investments in essential methane capture projects and send a clear signal to transition to zero-emissions fuels. Avoided methane crediting is crucial to finance the initial capital costs of methane capture projects and keep those efforts economically viable.<sup>1</sup> Limiting avoided methane credits would financially undermine existing methane capture projects and discourage new ones. Methane capture projects provide some of the most cost-effective investments the state is making in carbon reductions.<sup>2</sup> The improved timelines on the avoided methane pathway help make sure that renewable natural gas remains a viable and attractive option for reducing carbon intensity in the transportation sector.

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<sup>1</sup> Dairy Cares Comments on May 31 and June 1, 2023, Low Carbon Fuel Standard Virtual Community Meeting.

[https://ww2.arb.ca.gov/system/files/webform/public\\_comments/4026/230614%20Dairy%20Cares%20on%20LCFS%20Virtual%20Community%20Meetings%20%2800607595xBA8E1%29.pdf](https://ww2.arb.ca.gov/system/files/webform/public_comments/4026/230614%20Dairy%20Cares%20on%20LCFS%20Virtual%20Community%20Meetings%20%2800607595xBA8E1%29.pdf)

<sup>2</sup> CARB, California Climate Investments 2022 Mid-Year Data Update, September 2022, indicates that investments in dairy digesters and diverted organic waste cut carbon emissions by approximately \$9 and \$10 per ton, respectively. CARB's 2021 Annual Report on Climate Investments also showed that investments in organic waste to energy were the most cost-effective of the State's climate investments: at 119

Additionally, the improved approach to book-and-claim accounting acknowledges the importance of sustaining existing procurement agreements with out-of-state biomethane projects while simultaneously encouraging in-state production. An uninterrupted flow of biomethane into California fosters its adoption across diverse economic sectors over time. The inclusion of biomethane for use in fuel cells to support electrification will help support both biomethane and the state's transition to zero-emissions vehicles. We recommend that staff also include linear generators as a viable pathway. The modest changes advanced in the use of hydrogen as a feedstock for biomethane policy regime would help fulfill the goals in CARB's 2022 Scoping Plan for the long-term deployment of biomethane for hydrogen production. This approach is crucial for addressing affordability while decarbonizing challenging sectors.

Looking forward, clean fuels will need additional support as LCFS credits phase out. Since California's industrial sector is a significant contributor to natural gas consumption and greenhouse gas emissions, incentivizing biomethane use in sectors beyond transportation becomes crucial. CARB could achieve this by opening the current LCFS program to stationary sources or using the current LCFS program as a model to create a new Industrial Clean Fuel Standard program. This new standard could institute a set of gradually declining emissions-based targets for regulated entities, empowering the industrial sector to reduce emissions through diverse approaches including procuring low and zero-carbon fuels, carbon capture and sequestration, and enhancing energy efficiency.

SoCalGas appreciates the opportunity to offer feedback and collaborate with CARB and stakeholders during the LCFS Program regulatory update.

Respectfully,

*/s/ Kevin Barker*

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