



December 15, 2016

Mary Nichols  
Chair, California Air Resources Board  
1001 "I" Street  
Sacramento, CA 95814

**RE: Comments on 2030 Target Scoping Plan Update Discussion Draft**

Dear Chair Nichols,

The Agricultural Energy Consumers Association (AECA) appreciates the opportunity to submit these comments on 2030 Target Scoping Plan Update Discussion Draft (Discussion Draft). AECA represents the energy interests of the state's leading agricultural organizations including over 40,000 farms and dairies in California. AECA remains concerned about rising energy and fuel costs and impacts they have on agricultural and food processing operations in California and on industry competitiveness in national and global markets. At the same time, California's agricultural sector is proud to have made significant strides towards reducing greenhouse gas (GHG) emissions and utilizing renewable energy when available. We look forward to further deployment of renewable energy systems on farms, dairies and processing operations as the agricultural sector does its part to help the state meet its renewable energy and GHG reduction goals. The systems must remain voluntary and incentive based to be successful.

The Discussion Draft identifies numerous policies and programs that need attention to successfully meet the 2030 goals. As the scoping plan is developed further, special attention needs to be given to programs affecting the agricultural sector. Considering and addressing the issues facing many of these programs will help alleviate cost implications while at the same time facilitating the industry's ability to proactively reduce GHG.

## **Biomass**

The Discussion Draft correctly identifies that excess biomass generated by commercial agricultural and forestry operations needs to be disposed of in a manner that minimizes GHGs. With the closure of biomass plants throughout the San Joaquin Valley, growers are left with very few options for disposing of their pruning and orchard removals. Many have resorted to permitted controlled burns. While the state has pursued various strategies to address forestry biomass, agricultural wood waste is a significant and growing problem in search of a sustainable solution. Existing infrastructure in the San Joaquin Valley has processed both agricultural and forest biomass in the past and CARB should utilize this infrastructure to meet the needs of both sectors. With no practical and sustainable alternative that can provide the scale and accelerated implementation, the state's existing biomass generation fleet remains critical to achieving California's goals in both the forestry and agricultural sectors. Most of the California fleet of biomass plants employ advanced combustion and emissions-controlled technology and all plants are required to meet stringent EPA standards. They are clean and efficient compared with the alternatives, which include pile burning.

## **SB 1122**

The Discussion Draft correctly identifies SB 1122, the BioMat Feed-in Tariff, as a tool to help agricultural and forestry disposal needs over time. AECA was one of the original sponsors of the legislation and agrees that the program would be helpful in scaling bioenergy projects, especially in the dairy sector. This program, however, has been delayed significantly and is not effectively providing energy contracts for small bioenergy projects as intended. The SB 1122 BioMAT FiT program should be carefully reviewed and improved to better serve its intended purpose.

## **Dairy Digester Development**

The Discussion Draft lists several measures that are recommended for the agricultural sector including supporting research and development as well as pathways to further incentivize dairy digesters, including pipeline injection as renewable natural gas (RNG). Dairy RNG has tremendous potential as a sustainable replacement for diesel in heavy duty freight. If California's dairies are going to help meet the state's GHG and short-lived climate pollutant reduction goals, the obstacles to pipeline injection must be removed, more incentives must be provided and the Low Carbon Fuel Standard (LCFS) credit program must become more stable to help finance

renewable transportation fuel projects. SB 1383 (Lara) provides avenues to address all of these issues and CARB should make utilizing these avenues a priority.

### **Renewable Natural Gas**

AECA strongly supports the increased production and utilization of renewable natural gas. However, RNG utilized as a replacement for conventional natural gas provides few if any actual GHG reduction benefits. RNG utilized in residential, commercial, agricultural and industrial processes produce the same GHG emissions as conventional gas. While there may be some upstream GHG emissions reductions associated with certain sources of RNG, such as dairy, the majority of available sources provide limited additional GHG reduction. RNG is also extremely costly to produce. Recent research funded by CARB suggests RNG can cost anywhere from \$10 to \$100 per mmBTu created. Dairy RNG costs upwards of \$26 per mmBTu. At those prices, RNG is 5 to 40 times as expensive as conventional natural gas. As a result, the benefits do not widely support the cost of utilizing significant amounts as a replacement for conventional natural gas. Equally important, the highest and best use of RNG is as sustainable transportation fuel for replacing diesel fuel in heavy duty freight. If it is being used for fuel, it will not be available to replace natural gas end uses.

As a result, we feel strongly that a 5% utilization requirement is arbitrarily premature and ill-conceived. Much more research on RNG costs and benefits needs to be developed so we can better understand the situation and make informed decisions. AECA strongly recommends that CARB provide that cost-benefit analysis in the next draft.

### **Conclusion**

AECA strongly encourages CARB to support the review and improvement of the SB 1122 Bio MAT program; address the growing biomass issue in California and strongly consider the benefits of utilizing existing biomass plants; remove obstacles to pipeline injection and create some certainty and incentives for the LCFS program; and work to reduce the barriers to renewable natural gas production rather than force end use customers to purchase RNG.

AECA looks forward to the next draft of the plan and hopes to see the addition of the cost projections and implications included in the analysis. We remain concerned that escalating compliance costs could have devastating effects on California's agricultural industry. AECA

strongly believes that incentives and partnerships are the key tools going forward to facilitate agricultural GHG reductions. We look forward to working with CARB in addressing these ongoing concerns.

Sincerely,

A handwritten signature in blue ink that reads "Michael Boccadoro". The signature is written in a cursive style.

Michael Boccadoro  
Executive Director