

Clean Energy/Westport Board Asks for LCFS Reg

General Comment: Clean Energy and Westport strongly support the adoption of the proposed LCFS regulation by CARB Staff. We are very thankful for the time and working relationship that we experienced with Staff throughout this rulemaking process.

§95480: Extend opt-in provisions to LNG and other low carbon blend pathways.

Problem: No finalized pathway analysis for LNG that reflects current domestic pathways, “CNG from domestic sources” is listed on “opt-in” list under §95480, difference in CNG v. LNG production is not significant and TIAX analysis supported by CEC and CARB showed up to a 21% reduction in CO2 equivalent emissions. Finally, natural gas blends with hydrogen and biomethane are not listed and could provide strong support for 2030, 2040 and 2050 LCFS goals. Failure to include these fuels will require Industry to go through an ill-defined process with the Executive Officer, delaying implementation of low and very low carbon fuels.

Ask:

1. Include “LNG from domestic sources” and the blending of low carbon fuels with very low carbon fuels (i.e., CNG-biomethane, LNG-biomethane, and CNG-hydrogen blends) under the list of fuels that enjoy §95480 status upon final rule adoption.
2. Finalize the LNG pathway analysis as promised and include domestic fuel scenarios that are reflective of the current LNG market for transportation; and,

§95485: Energy Economy Ratio (EER) for Natural Gas Heavy-Duty Engines.

Problem: Current “Compressed or Liquefied Natural Gas Used in a Heavy-Duty Spark Ignited or Compression Ignition Engine” EER value only reflects a “spark-ignited” EER value, staff’s own data shows “compression ignition” EER value equal to diesel, EER values can make or break low carbon fuel performance, Staff proposal unfairly penalizes efficient natural gas engines manufactured by Westport (which ironically should receive incentives under the LCFS).

Ask:

- A. Assign a separate EER value to spark-ignited engines and a separate EER value to compression ignition engines that is reflective of each engine’s performance; **or**,
- B. Assign a blended EER value that reflects both spark-ignited engine and compression ignition engine performance (based on the data) to more accurately reflect the “Compressed or Liquefied Natural Gas Used in a Heavy-Duty Spark Ignited or Compression Ignition Engine” EER category.

§95425 – Credit Trading.

Problem: Current cap and trade proposal contradicts itself in that the proposed LCFS regulation allows the export and sale of LCFS credits to the broader AB 32 Cap and Trade Program but, at the same time, restricts the sale of LCFS credits to “regulated parties” under the LCFS regulation. This is confusing and negates the very advantage to export carbon credits to the broader AB 32 market. Further, the ability for “regulated parties” that are out of compliance to carryover their shortfall of 10% or less to the following year without being forced to buy carbon credits that are available on the market will harm the low carbon fuel industries’ ability to grow the market. Current CARB proposal plays heavily in the favor of the refiners who want to avoid giving any capital to their competition: the Low Carbon Fuel Industry.

Ask:

1. §95425 must be modified to allow for the sale of carbon credits to non-regulated entities under the larger AB 32 Cap and Trade program and to enable third parties that are not “regulated parties” to purchase, sell or trade LCFS carbon credits;
2. Modify the ability for any “regulated party” to carry over any carbon credit compliance shortfall in any given year if carbon credits are readily available on the market for sale.

§95481: Definitions for Biogas.

Problem: Current definition is not clear on the incorporation of municipal solid waste as a source for biogas. This is problematic as CARB’s analysis demonstrates

Ask:

1. The definition of “Biogas” should be modified to incorporate municipal solid waste.

We recommend the attached definition for adoption:

Biogas means natural gas that that meets the requirements of 13 CCR §2292.5 and is produced from the breakdown of organic material in the absence of oxygen. Biogas is produced in processes including, but not limited to, anaerobic digestion, anaerobic decomposition, and thermo-chemical gasification. These processes are applied to biodegradable biomass materials such as manure, sewage, municipal solid waste, green waste, and energy crops to produce biogas, including landfill gas and digester gas.