SB 1383 Dairy and Livestock Subgroup Meeting

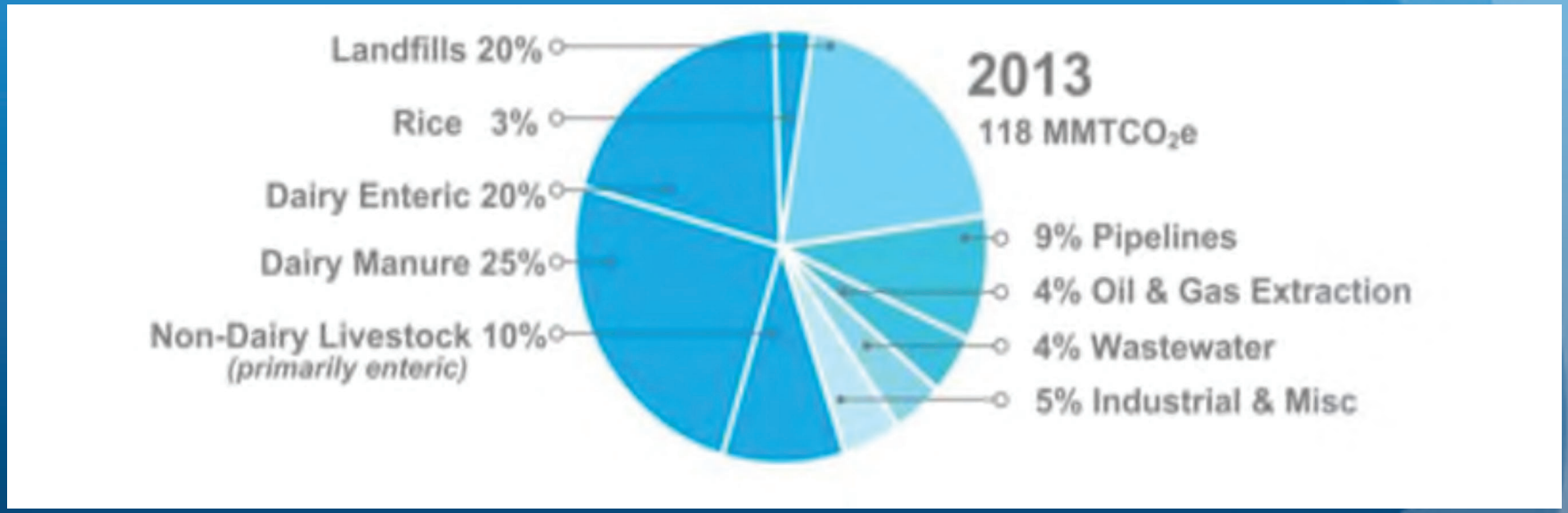
Subgroup #2: Fostering Markets for Digester Projects

June 26, 2017

SLCP Strategy

- Approved by the Air Resources Board in March 2017
- Identifies measures for reducing SLCPs
  - 40 percent reduction of methane from 2013 levels by 2030
- SB 605 (Lara, 2014) directed development of SLCP Strategy to reduce emissions
- SB 1383 (Lara, 2016) directed approval and implementation of SLCP reduction measures
- SLCP emission reductions support 2030 statewide GHG reduction target of 40 percent below 1990 levels (SB 32, Pavley, 2016)

Dairy and Livestock Methane Emissions



SB 1383 Requirements for Dairy and Livestock Sector

- Reduce dairy and livestock methane emissions by 40 percent from 2013 levels by 2030
- CPUC – develop selection criteria and cost recovery guidelines for gas corporation selection of at least five dairy biomethane pipeline injection projects by January 1, 2018
- CEC – develop recommendations for development and use of renewable gas in 2017 Integrated Energy Policy Report (IEPR) by early 2018
- ARB – improve predictability of revenue streams for renewable gas:
  - Establish pilot financial mechanism
  - Provide guidance on regulatory impact on credit revenues
  - By January 1, 2018

SB 1383 Requirements for Dairy and Livestock Sector

- ARB to report on progress dairy and livestock sector have made in meeting reduction goals in SLCP Strategy
  - By July 1, 2020
- ARB to implement methane reduction regulations
  - On or after January 1, 2024
- Regulatory considerations:
  - Technological/economic feasibility, cost-effectiveness
  - Potential to minimize / mitigate leakage
  - Evaluation of incentive based programs
  - Avoidance of impacts to disadvantaged communities

SB 1383 Requirements for Dairy and Livestock Sector

- Near-term: Voluntary, incentive-based approaches to enteric fermentation reductions until cost-effective and scientifically-proven reduction methods available
- Assure future reduction measures:
  - Pose no threat to animal welfare
  - Do not compromise human health, or consumer acceptance
- Enteric fermentation emissions are one key focus of Research Needs Subgroup

Dairy and Livestock Working Group Directive

- SB 1383 directs ARB to:

  "Work with stakeholders to identify and address technical, market, regulatory, and other challenges and barriers to the development of dairy methane emissions reduction projects. The group of stakeholders shall include a broad range of stakeholders involved in the development of dairy methane reduction projects, including, but not limited to, project developers, dairy and livestock industry representatives, state and local permitting agencies, energy agency representatives, compost producers with experience composting dairy manure, environmental and conservation stakeholders, public health experts, and others with demonstrated expertise relevant to the success of dairy methane emissions reduction efforts."

Dairy and Livestock Greenhouse Gas Reduction Working Group Process

- Kickoff meeting held on May 23, 2017
- Three subgroups formed to develop policy recommendations:
  - Subgroup #1: Fostering markets for non-digester projects
  - Subgroup #2: Fostering markets for digester projects
  - Subgroup #3: Research needs, including enteric fermentation