December 21, 2022

Liane M. Randolph, Chair

California Air Resources Board

*VIA ELECTRONIC DELIVERY*

RE: California Low Carbon Fuel Standard Alternative C

Dear Chair Randolph:

Thank for this opportunity to formally comment on the proposed Low Carbon Fuel Standard (LCFS) design scenarios. We encourage the California Air Resources Board to move forward with a plan of action that is consistent with the proposed Alternative C, the LCFS scenario that most aggressively lowers carbon emission before 2030 by utilizing proven and immediately accessible technologies, including renewable natural gas (RNG) vehicles for moving people and freight.

For more than 70 years, U.S. Venture has been a market leading transportation products provider. Our U.S. Gain division, with more than 35 RNG production sites and growing, is a top supplier of RNG in California and an active participant in the state’s LCFS program since its inception.

We support the Scoping Plan’s long-term vision for expanding the use of biomethane into non-transportation sectors, in fact, we supply RNG for non-transportation uses today. However, we also have more than a decade of experience providing RNG to 100+ California transportation customers, supplying more than 12% of the state’s current RNG transport demand through compressed natural gas (CNG), and as a biointermediate for renewable hydrogen and electricity. Therefore, we were disappointed by the proposals within Alternatives A and B to restrict California transportation use of RNG produced outside the Western gas region, and the phaseout of avoided methane crediting on applicable agricultural (largely dairy and swine projects) pathways. The LCFS program has far exceeded its 2019 rulemaking targets in large part because the state can access a nationwide supply of agricultural RNG. This fantastic result should inspire CARB to encourage more out-of-state RNG production and set even more aggressive targets.

A new Western gas region, as envisioned by the proposal, is a fatally flawed concept: Unlike the Western electricity interconnection, no such system exists within the natural gas industry. Phasing out current projects and excluding new projects which fall outside this undefined region would be a step back for the LCFS, and the larger mandate set out in the Scoping Plan.

Moreover, avoided methane crediting on applicable agricultural pathways have led on a per-unit basis to the largest emission reductions within the LCFS program and will continue to do so for many years to come as landfill biomethane is outcompeted and displaced in the fuel pool. At current annual demand levels for CNG, the carbon dioxide that could be avoided related to low-CI biomethane against the baseline is in excess of 7.3 million MT annually, which is nearly double the current run rate, and could be reached in the next few years. Phasing out avoided methane crediting would be a large step backwards towards meeting the targets set out by CARB under both the LCFS program and the Scoping Plan. These two proposals would have a substantial impact on not only U.S. Venture, but also on our development partners who invested considerable capital, and the farming families we work with to enhance the environmental footprint of their operations.

We further understand the complex interplay of California Senate Bills (SB) 1383 (administered by CalRecycle) and 1440 (administered by CPUC) which drives the need for more instate RNG production. We urge CARB, in coordination with CalRecylce and CPUC, to achieve that production increase through improved non-transport incentives and more stringent LCFS targets under an Alternative C design approach rather than sacrificing an existing clean energy solution and enormously powerful tool for reducing transportation carbon emissions. As the procurement mandates under SB 1383 and 1440 are implemented, demand for the most cost-effective forms of in-state RNG including landfill, wastewater, and food waste will rise significantly; all of which will be displaced in the transportation pool by agricultural RNG freeing up the capacity for the non-transportation sector. U.S. Gain is not only supportive of the goals established under SB 1383 and 1440 but also has new technology which will lower the per-unit cost of RNG from digestible feedstocks (e.g., food waste/diverted organics) and allow for more small-scale projects to be economically feasible.

Lastly, market dynamics supported by the Advanced Clean Fleet and Advanced Clean Trucks programs and the state-wide ZEV mandate will naturally incentivize the movement towards zero emission vehicles without the need to disincentivize immediately accessible technologies. Providing a longer transition time for moving RNG away from current transportation uses will also help ensure that new transportation fuel options are affordable and accessible.

The potential for RNG to be forced out of California’s sustainable transportation market requires that we pause and re-evaluate RNG projects currently under development and our existing portfolio of operational projects. We urge the Board to move forward with a plan of action that is consistent with the proposed Alternative C and make a strong statement about the importance of RNG as an essential bridge fuel for lowering carbon emissions in transportation.

Sincerely,

/Mike Koel/

Mike Koel

President – U.S. Gain Division

U.S. Venture, Inc.