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July 5, 2018

Sam Wade, Branch Chief
Transportation Fuels Branch
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Proposed Amendments to the Low Carbon Fuel Standard Regulation

Dear Mr. Wade:

California Bioenergy LLC (CalBio) appreciates the opportunity to submit comments on the 15-Day Proposed Amendments to the Low Carbon Fuel Standard Regulation based on the materials posted on June 20th, 2018.

Extension of Environmental Attribute Claims

CalBio supports and greatly appreciate the change to expand the generation of LCFS credits from biomethane injected into the pipeline from two calendar quarters to three. We would like to suggest that this date begins once the provisional CI is achieved. This removes uncertainty based on ARB's own workload.

Generating LCFS and CCOs during the same Reporting Period

In December 2017, ARB staff posted Draft Guidance on the Impact of Adopting Regulations Pursuant to SB 1383 on the Ability to Continue to Generate Credits Under the Low Carbon Fuel Standard and Cap-and-Trade Program for the Reduction of Methane Emissions from Manure Management Operations. In this document, ARB staff states that “projects receiving credit under the LCFS many not receive credits under the Cap-and-Trade Program and the Livestock Protocol within the same reporting period, even for reductions that are not credited under the LCFS program.” It is unclear why this provision exists. A number of our dairy biomethane projects operating under long-term electric contracts and are generating additional biomethane that could be used as transportation fuel instead of vented or flared (or in some cases diverted). CalBio requests that this language be amended to allow for a single project to generate both Compliance Offset Credits and LCFS Credits in a reporting period provided the ARB approved verifier is able to confirm the proportion of avoided methane that can be attributed to the CCO pathway compared to the LCFS pathway. This will eliminate any potential for double counting. Allowing for this will increase flexibility for the project and enable existing



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electricity projects to smoothly transition reporting from one program to another without the loss of credits.

Crediting Period for Dairy Biomethane Projects

ARB has added language to the LCFS regulation stating that if a regulation is passed mandating methane reductions from livestock manure, that dairy biomethane projects are only eligible to continue to receive LCFS credits for those GHG reductions for the remainder of its crediting period. This will prevent the project from being eligible to receive LCFS credits for subsequent crediting periods based on the value of the destruction of the currently vented methane.

CalBio requests that ARB to consider allowing dairy biomethane projects to renew their 10-year crediting period at least once. Currently, dairy projects are faced with the decision of choosing electricity or transportation fuels projects. Electricity projects benefit from the long-term certainty of an electricity contract. Providing at least two 10-year crediting periods will maintain the direction of many farmers to utilize their gas in California's transportation fuel market as opposed to electricity generation through the BioMAT. It will keep the momentum underway for dairies to meet and potentially exceed, through a voluntary program, the 40% reduction of manure methane emissions.

Also, very importantly, vehicle use helps advance local air pollution protection by substantially reducing NOx emissions. Due to this environmental benefit of fuels projects, CalBio suggests there be a separate incentive within the CI which tied to fleet conversions from diesel to R-CNG or, down-the-line, to electricity, based on the environmental benefits. This could be analogous to the evaluation in the CI score of a project's use of the fossil versus renewable electricity to produce its fuel.

Dairies make decisions for the long term and as a result having only one crediting period remains an important topic.

Exclusion of Regulatory Compliance from LCFS Requirements

In the December 2017 draft guidance document mentioned above, ARB staff provided a table of specific requirements from the ARB Livestock Compliance Protocol which will be excluded from the projects seeking credits under the LCFS program. CalBio requests this table be added to the LCFS regulation to memorialize this guidance in the formal regulation. This is to ensure there is clarity around ARB's position about which aspects of the ARB Livestock Compliance Protocol are exempted for LCFS purposes for dairy biomethane projects, particularly as it relates to regulatory compliance. Developers and financial parties need certainty that projects will remain exempt from this requirement and be treated consistently with all other project types under the LCFS program.



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Adjustment of Temporary CI for Dairy Biomethane from 0 to -150

We would like to express our support and appreciation for the change of the temporary CI to -150.

We would like to thank ARB staff for the other updates made in the previous amendment package and looks forward to working together in the future.

Sincerely,

Neil Black
President