

**PACIFIC AG RENEWABLES**  
1000 S. Hwy 395, Suite A-506  
Hermiston, OR 97838

May 10, 2024

Rajinder Sahota, Deputy Executive Officer  
Low Carbon Fuel Standard Program  
California Air Resources Board  
1001 I St.  
Sacramento, CA 95814

RE: Comments on the April 10, 2024, Public Workshop to Discuss the Low Carbon Fuel Standard

Dear Ms. Sahota,

Pacific Ag Renewables (PAR) appreciates the opportunity to comment on the April 10, 2024, workshop to discuss the Low Carbon Fuel Standard (LCFS). PAR is writing as a member of the American Biogas Council (ABC), the voice of the U.S. biogas industry dedicated to maximizing carbon reduction and economic growth using biogas systems. PAR is one of more than 400 companies in all parts of the biogas supply chain that are leading the way to a better future by maximizing all the positive environmental and economic impacts biogas systems offer when they recycle organic material into clean renewable energy and soil products, thereby reducing dependency on petroleum. Biogas systems protect our air, water, and soil by recycling organic material, like food waste and manure.

Biogas systems are, at their heart, a biological means to capture methane that would otherwise be emitted into the atmosphere for use as a renewable fuel. This process specifically decreases baseline methane emissions by converting methane back into carbon dioxide. As described in the 2022 Scoping Plan Update and other supporting programs, such as SB 1383, methane is a highly potent greenhouse gas with 100-year global warming potential (GWP) nearly 30 times that of carbon dioxide. Moreover, as recognized by CARB and many other experts, reducing methane emissions is fundamental to the state meeting its greenhouse gas (GHG) reduction targets. The benefits of biogas systems are twofold; first by capturing methane at the source, which in turn improves local air and water quality associated with feedstock management, and second by reducing tailpipe emissions, such as particulate matter, when used as a transportation fuel.

During the April 10 workshop, CARB staff presented additional analysis and modeling on the proposed carbon intensity (CI) benchmarks, including the step-down and auto acceleration mechanism (AAM). While the 45-day package calls for a 5% step-down, CARB staff presented two additional scenarios - a 7% step-down in 2025 and a 9% step-down in

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2025. ABC appreciates CARB's responsiveness to stakeholders' calls for a more ambitious approach as the ABC believes that the original proposal of 5% does not go far enough, considering the current size of the cumulative credit bank and its continued growth. As noted in our February 16, 2024, comment letter responding to the proposed LCFS amendments, the step-down must be increased to at least 7%, and we strongly urge CARB to consider being even more ambitious and adopting a 9% step-down in 2025. With the rate at which the cumulative credit bank is growing, a strong market correction is needed to ensure that the LCFS continues its success, by attracting investments and production in clean fuels. We further recommend that CARB retain the annual rate of CI reductions proposed in the 45-day package to complement increasing the step down in 2025 to 9%. This means that with a 9% step down in 2025 the 2030 CI reduction target should be 34%.

Also discussed during the workshop was the AAM, a concept that ABC strongly supports. The AAM is designed to respond to clear overperformance of the program, and to dynamically increase stringency to avoid a repeat of the current circumstances (e.g., excessively large cumulative credit bank, depressed credit values, a pullback in clean fuels investments, and lost opportunities for GHG reductions). Establishing the AAM sends an unambiguous market signal to investors that the program has been further improved with future stability in mind by incorporating rules for predictable corrective actions. As proposed in the 45-day package, the first year that the AAM could impact program stringency is 2028. The ABC believes that waiting four years to see these impacts is too long, and we recommend pulling the date for triggering the AMM forward by one year. The AAM should be based on 2025 data, the same year program amendments are implemented, with the trigger assessment occurring in May 2026 and the AAM being applied in 2027, providing the correct conditions are met. This approach better ensures that potential emission reductions are not left on the table in the event the program continues to overperform following the Board's adoption of the proposed amendments. Further, overperformance of the program sends a muted signal to fuel producers and investors that the program is not an attractive market opportunity, and as the cumulative credit bank continues to grow, entities can use their banked credits to meet their obligations (i.e., offset their deficits) without increasing their demand for clean transportation fuels in California.

While not discussed in detail during the staff presentation, the ABC would like to reiterate the important role that biomethane plays in the program. The scientifically based design of the LCFS recognizes the benefits of projects that collect biomethane that would otherwise be emitted to the atmosphere making it available for use in transportation. As a result, millions of gallons of petroleum-based diesel fuel have been replaced with clean biomethane over the past several years delivering substantial reductions in greenhouse gas (GHG) emissions as well as other co-benefits (e.g., reductions in emissions of particulate matter). Furthermore, the ABC would like to emphasize the need for CARB to send a clear policy signal that biomethane is a necessary and effective decarbonization strategy in

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sectors outside of transportation (e.g. industrial, residential, commercial) if it is CARB's goal to transition biomethane out of the vehicle sector. There are still emission reduction opportunities within the transportation sector that have yet to be fully realized within the program, such as aviation and marine fuels. As referenced in staff's Initial Statement of Reasons (ISOR) there is an expanded role that biofuels can play in off-road, hard to decarbonize sectors as demand for cleaner fuels and zero-emission technologies continues to grow. The ABC urges CARB to go forward with integrating these sectors into the program to ensure emission reduction opportunities are not overlooked and that there are clear market signals that support investments and innovation directed at producing clean fuels for these sectors.

Lastly, the ABC would like to reiterate the absolute importance of concluding this rulemaking as soon as possible. On top of the delays we have already seen, any further delays will continue to diminish the necessary policy signal the market needs to facilitate and encourage investments in clean fuels. Thus, the ABC strongly urges CARB staff and the Board to finalize this rulemaking by mid-2024.

Thank you for the opportunity to comment on the April 10 workshop. We look forward to continued engagement with CARB staff and the refinements to the proposed amendments.

Sincerely,

*Harrison Pettit*

Harrison Pettit  
Chief Development Officer  
Pacific Ag Renewables

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