

May 10th, 2024



The Honorable Liane Randolph  
Chair California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Chair Randolph:

As a developer of dairy digester RNG and biogas-to-electricity projects for EV charging in West Coast states, Promus Energy appreciates the opportunity to comment on the proposed changes to the CA Low Carbon Fuel Standard (LCFS). Promus values CARB's serious consideration and incorporation of feedback provided by us and other stakeholders as revisions to the LCFS program have been carefully crafted over the last several years. We urge CARB to move forward at pace with the long-anticipated, and urgently needed, LCFS program rules package.

Promus appreciates CARB's continued effort to refine the LCFS program with a science-based, data-driven approach and for presenting detailed analysis and modeling scenarios for the April 2024 workshop.

### **Carbon Intensity Target Adjustments**

The LCFS program is the single most important driver of the low carbon fuels market in the US, and its near- and long-term strength and stability are essential to meet climate goals. Promus supports an immediate step down of at least 5% (or 9%, which better reflects the need to immediately bring credits and deficits into better balance) and at least a 39% CI reduction target by 2030 to ensure both near- and medium-term strength in the credit market. A 39% CI reduction by 2030 is consistent with the 2 AAM trigger scenario CARB presented during the April 2024 workshop. While that scenario appeared very promising from the standpoint of drawing down the credit bank and keeping prices strong and stable long-term, the reliance in that scenario on the AAM triggering twice before 2030 adds an element of risk to investors looking at financing low carbon fuels projects. Rather than relying on AAM triggers – important as they are -- Promus believes that setting the 2030 target at a 39% reduction will give investors confidence that the credit market will be strong between now and 2030. However, Promus prioritizes CARB finalizing the new rules quickly and would accept the previously proposed 2030 target if it means the rulemaking process can be completed more quickly.

The AAM proposed in the updated LCFS rules package is an absolutely necessary reform to prevent a repeat of the boom-and-bust cycle that occurred after the 2017 LCFS amendments and to keep credits and deficits in balance. Promus joins other commentors in urging CARB to allow the AAM to trigger before 2027 to prevent market instability within the next few years.

### **Sustainability Guardrails on Crop-Based Biofuels**

Sustainability guardrails on biofuels are appropriate to prevent adverse land use changes and to ensure that priority is placed on waste-based fuels that have a lower CI than crop-based biofuels. While Promus supports sustainability guardrails on biofuels, we also recognize that fundamental changes to feedstock

eligibility in the LCFS could lead to the canceling of projects or stranding of assets used to produce biofuels that currently flow into California. CARB should however place a priority on leveling the playing field by fully accounting for all externalities when calculating CI scores for biofuels in the GREET 4 calculator.

### **Dairy Biogas Avoided Emissions Crediting**

Promus supports CARB's commitment to continue dairy biogas avoided emissions crediting. This approach ensures that there are long-term crediting opportunities available to finance projects that capture and eliminate methane emissions at dairies. Biomethane pathways (to RNG, hydrogen, electricity, etc.) are some of the only fuels that will be credit generators as the CI compliance curve approaches 90% by 2045. CARB's analysis and studies confirm that targeting avoided methane emissions produces the most bang for the buck and that it is needed to achieve the goal of a 90% reduction by 2045.

Additionally, Promus requests CARB to begin outlining and provide clarity around its desire to long-term channel biomethane to other hard-to-decarbonize sectors. Knowing that there will be sectors outside of the transportation market that will be a market for biomethane will further incentivize the capture of methane and help California meet its emissions reductions goals.

We appreciate the opportunity to provide feedback on the proposed changes to the LCFS program and we encourage CARB to finalize the rules quickly and send them to the CARB Board for approval this summer.

Thank you for your consideration.

Sincerely,

Dan Evans, President  
Promus Energy LLC  
1201 Third Ave., Suite 320  
Seattle, Washington 98101  
[dan@promusenergy.com](mailto:dan@promusenergy.com)  
206.300.0835