



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

May 1, 2024

Dear Chair Randolph:

As a California-based company collaborating with the state and contributing to the state's environmental and clean air goals, Clean Energy urges the California Air Resources Board (CARB) to reject the March 1, 2024 Petition titled "Petition for Rulemaking to Regulate Methane and Other Air Pollutants from California Livestock."

The Petition is another in a long line of attempts by some stakeholders to harm the dairy industry which has successfully reduced avoided methane emissions especially since the adoption of SB 1383. The continued unfounded attack on dairy biogas has been thoroughly deliberated and scientifically considered during several public processes over two-and-a-half years, including in the defeats of SB 709 (Allen, 2024) and AB 1550 (Bennett, 2024), two formal Petitions filed by dairy biogas opponents which CARB rejected, the current Low Carbon Fuel Standard (LCFS) update process, and the March 2022 workshop titled "Methane, Dairies and Livestock, and Renewable Natural Gas in California." Many of the arguments raised by dairy biogas opponents have been found to be factually false.

The LCFS is a successful national model that has been adopted or is currently being considered in other states. This fuel-neutral, market-based approach is a key driver for California to meet carbon neutrality, greenhouse gas (GHG) and SB 1383 Short-Lived Climate Pollutant (SLCP) goals and drives investments in low carbon fuels and sound environmental policy. The program incentivizes companies like Clean Energy to partner and collaborate with dairies to build dairy digester projects to capture avoided methane emissions before they get released into the atmosphere. This Petition would make detrimental changes to how LCFS-eligible fuels derived from manure waste caused by dairy/livestock are treated under the LCFS, and would eliminate the dairy/livestock sectors' ability to continue reducing methane emissions.

The Petition is highly counterproductive and will cause a back-slide of beneficial SLCP emissions reductions in California and nationwide while the LCFS is currently working well, with all fuel categories participating in the program. Adoption of the Petition would:

1. Harm the state's most effective climate program for transportation;
2. Undermine the state's Short-lived Climate Pollutant strategy;

3. Interfere with the state's ability to achieve recently adopted 2030 and 2045 climate goals;
4. Strand more than \$2 billion in dairy digester methane reduction projects in California, including more than \$700 million in state climate, utility ratepayer, and taxpayer funding;
5. Forfeit more than 2.2 million metric tons of GHG (CO₂e) reductions annually; and
6. Needlessly increase state expenditures. The California Senate Committee on Appropriations¹ in their analysis of SB 709 (Allen) stated that "ARB notes that without LCFS revenue to incentivize financing of digester projects, the State may need to fund methane mitigation projects including enteric and additional digester projects to ensure the targets are achieved. ARB estimates the capital expenditures or other up-front costs for these projects could range from \$3.2 to \$4 billion, not including ongoing operational costs."

The adoption of the Petition would dramatically reduce important LCFS market value that enables methane capture and beneficial use projects. Without that revenue stream, projects such as dairy digesters will not be able to be financed or implemented. The development of dairy digesters is widely recognized by the California Air Resources Board² and the Legislative Analyst Office³ as the most productive and cost-effective climate investment currently being implemented. Without avoided methane crediting under the LCFS, new projects will not be developed, and existing projects will not remain economical and will cease operating.

Reducing methane emissions is a key short-term climate policy priority for California and other jurisdictions which was well stated in CARB's 2017 *Short Lived Climate Pollutant Reduction Strategy* and echoed by many other leading authorities. The concentration of methane in the global atmosphere is increasing at an alarming rate.⁴ There is no more effective and immediate step we can be taking as a planet to address climate change now than to aggressively and rapidly reverse emissions of fugitive methane from all sectors, including society's organic waste streams through renewable natural gas (RNG) projects.

Calls for direct regulation of dairy and livestock methane reduction will only lead to California falling well-short of our climate goals. Adopting policies that will lead to leakage is inconsistent with SB 1383 and undermines CARB's national and world leading reputation and efforts to address climate emissions.

The LCFS must be fuel-neutral, driven by CARB's science-based analysis, capable of incentivizing real-world investment, and focused on performance-based greenhouse gas

¹ California Senate Committee on Appropriations, Committee Analysis of SB 709, May 2023

² California Air Resources Board, *California Climate Investments 2022 Mid-Year Data Update*, https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/ci_2022_mydu_cumulativeoutcomes.pdf (page 4).

³ Legislative Analyst Office, *Cap-and-Trade Spending Overview*, March 30, 2023.

<https://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/230238LAO%20Cap%20and%20Trade.pdf>

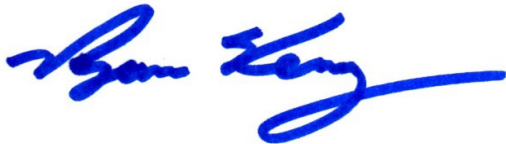
⁴ See "Increase in atmospheric methane set another record during 2021", National Oceanic and Atmospheric Administration, Press Release, April 7, 2022. <http://noaa.gov/news-release/increase-in-atmospheric-methane-setanother-record-during-2021>

emissions outcomes. As CARB expressed in December 2023⁵, “Ending (dairy) avoided methane crediting in 2025 could stop the development of new anaerobic digester projects and also cause operating digestors to shut down if the operational expense is greater than the value of the gas and other incentives received by the dairies. Without anaerobic digesters, California would not be able to meet its SB 1383 methane reduction goals.”

CARB also expressed⁶, “Capturing methane from California’s methane sources (e.g., landfills, dairies, and wastewater) is critical for achieving California’s climate targets, including the targets identified by SB 32, SB 1383, and AB 1279.”

Remaining true to these core concepts will ensure California leads the world in rapid transportation sector decarbonization. **Please reject the Petition.**

Sincerely,



Ryan Kenny
Policy Director – Western U.S.
Clean Energy

⁵ California Air Resources Board, *Proposed Amendments to the Low Carbon Fuel Standard Initial Statement of Reasons*, December 19, 2023 (page 124)

⁶ California Air Resources Board, *Proposed Amendments to the Low Carbon Fuel Standard Initial Statement of Reasons*, December 19, 2023, (page 30)