



February 26, 2020

Ms. Rajinder Sahota, Division Chief
Ms. Carey Bylin, Manager
Industrial Strategies Division
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Sent via e-mail to rajinder.sahota@arb.ca.gov and carey.bylin@arb.ca.gov

Re: Biogas policy for the Fuel Cell Net Energy Metering GHG Standards Regulation (“*FCNEM*”)

Ms. Sahota and Ms. Bylin,

Element Markets Renewable Energy, LLC (“*EM*”) is a marketer of biogas (also referred to herein as renewable natural gas (RNG) or biomethane) and the credits generated from the use of RNG as a renewable fuel. Because our clients include biogas producers, renewable fuel producers, voluntary purchasers of low carbon fuels and obligated parties under various environmental programs, we see and understand how market dynamics impact each type of market participant. For that reason, the perspective we bring to the rulemaking process is inherently shaped by the needs of stakeholders across the value chain.

Commercial and industrial customers choose to install fuel cells because they provide resilient and reliable baseload electricity and reduce harmful air pollutants. Fuel cells are unique amongst behind-the-meter electricity generation technologies because they can help reduce GHGs when fueled with biogas.

We commend the Board and CARB staff for recognizing the benefit of fuel cells and developing this standard to address the causes of climate change, rather than just its consequences. Requiring the use of biogas in fuel cells is yet another example of CARB’s progressive thinking and commitment to improve California’s air quality.

To ensure that the objectives of FCNEM are met, we respectfully request that CARB allow fuel cells in California to use out-of-state biomethane that qualifies as an exempt biomass-derived fuel under the Cap-and-Trade program meet GHG requirements for FCNEM compliance by clarifying the proposed regulation to confirm that renewable gas procurement qualifying under Section 95852.2 of the Cap-and-Trade Regulation and Section 95131 of the Mandatory Reporting Regulation reduces the emissions of a qualifying installation in proportion to the quantity of renewable fuel procured on an annual basis. Doing so would reduce air pollution while simultaneously expanding the overall market for biogas.

Biomethane is unique in that it is substantially carbon negative. By converting organic materials such as animal or food waste, municipal waste, or landfill gas into RNG, methane that otherwise

would enter the atmosphere is destroyed – a GHG that is itself at least 21x more potent than carbon dioxide.

Consistency of rules and regulations across programs and jurisdictions is the foundation of a stable marketplace. For that reason, we are requesting that the policy established by CARB for the use of biogas under the Cap-and-Trade Regulation be applied here. Consistency will ensure long-term market viability and result in less price volatility. Biogas projects and offtake initiatives are long-term investments, and stable market conditions are required to incentivize additional commitments.

In this instance, CARB has the unique opportunity to stabilize the regulatory framework for the biogas market. Doing so will maximize the number of market participants and projects that are developed, which will ultimately result in the development of more GHG-reducing projects and better air quality in California.

We appreciate your consideration of our requests and if we can be of additional assistance during this process, please contact me at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Keri Bevel". The signature is fluid and cursive, with the first name "Keri" and last name "Bevel" clearly distinguishable.

Keri Bevel
Senior Vice President and General Counsel