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Subject: 134 Dairy Families & Major Dairy Organizations
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134 Dairy Families & Major Dairy Organizations Urge Support of Methane Reduction Programs



Dear Governor Newsom and Chair Randolph:

On behalf of the undersigned dairy sector organizations, we urge you to continue the highly successful dairy methane reduction incentive programs consistent with SB 1383 and the California Air Resources Board's recently adopted 2022 Scoping Plan Update. The Low Carbon Fuel Standard (LCFS) remains a key driver of dairy methane mitigation efforts. As such, the LCFS remains critical to achieving the state's short-live climate pollutant (SLCP) and overall greenhouse gas (GHG) reduction goals, as well as the state's overall climate policies.

Recent and ongoing efforts by environmental justice activists to exclude dairy projects from the LCFS or limit avoided methane crediting are short-sighted. Moreover, direct regulation of California's dairy farms will result in the state's failure to achieve important methane reduction goals, while causing widespread methane leakage to other states or jurisdictions where milk production is less efficient or methane reductions are non-existent, resulting in increased global methane emissions.

A recent (December 2022) **UC Davis analysis found:**

"Our analysis shows that continued implementation and commitment to the incentive-based climate smart solutions that are currently driving voluntary dairy methane reductions in California should, by 2030, achieve a full 40% reduction in dairy methane sought by state regulators without the need for direct regulation."

The LCFS program has driven most of the reductions achieved so far and remains critical to achieving the full 40% reduction sought. Currently, 119 dairy digesters are operating in California, providing approximately 2.3 million metric tons of CO₂e reductions in dairy methane each year. Additionally, approximately 104 digesters are currently under contract to be built. As the UC Davis analysis found, these projects are critical to successfully achieving the state's goals. However, the elimination of avoided methane crediting or direct regulation of the dairy sector will not only jeopardize existing digester projects but will preclude the additional 104 digester projects from being financed and built. Put simply, without viable LCFS crediting, investors will not finance these critical projects needed to achieve the state's goals.

California's dairy farm families have been partnering with the California Department of Food and Agriculture (CDFA) and California Air Resources Board (CARB) to install methane reduction projects on their dairies. Pulling the rug out from under these projects by restricting revenue streams counted on to finance them will send the

wrong signal to financial markets, is inconsistent with SB 1383, and will greatly harm the state's overall climate efforts.

Importantly, it will also eliminate what has become California's most productive and cost-effective GHG reduction investment. CDFA's dairy methane reduction programs provide more GHG reductions than any other investments under the Climate Investment Program. The Dairy Digester Research and Development Program (DDRDP) remains the state's most cost-effective at just \$9 per ton of CO₂e reduced. To date, more than \$2 billion has been invested, including more than \$700 million from the state. It should also be noted that all of these reductions are methane, and as you are keenly aware, reducing methane emissions is critical to quickly addressing climate warming.

In conclusion, we urge you to stay the successful course, continue the momentum, and continue to partner with the state's dairy farm families. The California dairy sector remains committed to achieving the state's 40% reduction goal, and we look forward to working with you to that end. Unraveling what has been achieved to date, stranding billions of dollars in investments, and adopting policies that will preclude additional dairy methane capture and beneficial-use projects is not a viable solution and will lead to massive emissions leakage. California has established itself as a national and global leader in climate policy, and other jurisdictions are following your leadership. Adopting policies that lead to increased global methane emissions would not be consistent with California's climate leadership.

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"We see the benefits of our planet-smart dairy farming efforts first-hand where we live and work. Digesters are an important part of this sustainability story. Assessments by CARB and University of California have demonstrated that through continuation of the state's current incentive-based programs, we are on track to achieve the 40 percent methane reduction goal. Recent UC analysis even shows that we can go beyond this goal and achieve climate neutrality by as early as 2027. We urge you to stay the course and maintain this tremendous partnership. Together we can achieve the state's goals."

California Dairy Farm Families

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