



Anaergia Services, LLC
705 Palomar Airport Rd, Ste 200
Carlsbad, CA 92011 USA

September 20, 2023

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

Re: Support for the Low Carbon Fuel Standard

Dear Chair Randolph and Members of the California Air Resources Board,

Anaergia Services LLC (Anaergia) is a global leader in diverting organics from landfill-bound waste and converting them into renewable fuel and soil amendments. Based in Carlsbad, CA, Anaergia is actively deploying anaerobic digesters in California and converting landfill-diverted organic waste into carbon-negative fuels. Our Rialto Bioenergy Facility (RBF) – the largest landfill-diverted-organics-to-renewable-fuel facility in America – can process over 175,000 tons per year of diverted organics and produce 1,000,000 MMBtu/yr of renewable natural gas (RNG). After 4 years of planning and construction with over \$180M invested, RBF is operational and has created at least 50 permanent jobs, hundreds of construction and service jobs, and over 500,000 hours of construction work.

These facilities are part of the 160 new projects that CalRecycle estimates are needed to meet California's statutory organic waste landfill diversion goals established under SB 1383 (Lara, Chapter 395, Statutes of 2016). A strong LCFS program is critical for the long-term success of RBF and is foundational to continued investment in development and expansion of similar critical infrastructure, which are foundational for achieving carbon neutrality by no later than 2045.

Biomethane, including biomethane from landfill-diverted organic waste, is a critical tool in meeting the State's targets, and it is essential that biomethane production within the State is not only supported but increased to achieve the necessary methane and carbon dioxide reductions most rapidly and most cost-effectively. Anaergia is heartened at the success to date of the LCFS in advancing biomethane production in the State and nationwide, in part through the adoption of similar programs which build on California's. However, we are deeply concerned about changes to core LCFS tenants to halt further investment and irretrievably harm progress to date.

Support for Increased Carbon Intensity (CI) Reduction Targets

We are supportive of CARB's Standardized Regulatory Impact Assessment (SRIA) proposal to adopt increased carbon intensity (CI) reduction targets. However, we encourage even more ambitious targets to match statewide greenhouse gas reduction target codified in SB 32 (Pavley, Chapter 249, Statutes of 2016) and the Scoping Plan. We have seen the success of the LCFS in driving rapid transition towards renewables and decarbonization in the transportation industry. As the transportation sector is California's largest source of emissions, adopting higher LCFS carbon intensity reduction targets will drive significant progress towards overall Statewide climate goals. The transportation sector must play a leading role in achieving the State's climate change and air quality objectives, and therefore, carbon intensity targets under the LCFS. Further, this change will also incentivize near-term achievement of emissions reductions, especially in the

transportation sector and communities where they are needed most, providing additional runway to mitigate and reverse climate change.

Maintain GREET and Avoided Methane Crediting

Anaergia urges the LCFS to maintain consistency with other California climate programs and with the LCFS itself. Of critical importance maintaining the GREET-based lifecycle approach to emissions accounting for biomethane, which is currently accurately employed for all other eligible LCFS fuels. A singular and premature change in accounting applied only to biomethane contradicts the program's design and objectives, the established GREET model, accepted science, and California's progress towards SLCP emissions reductions goals.

There are numerous avenues to achieve SB 1383 compliance, not all of which are equal from an emissions perspective. A particularly important tool is anaerobic digestion (AD) of landfill-diverted organics to generate biomethane, which results in greater methane emissions reductions than composting organic waste, while also generating RNG to reduce fossil fuel use and carbon dioxide emissions. On balance, with the increased climate benefit of AD, these complex facilities are more expensive to construct and operate. Investment and sustainable operation of organic waste digesters relies on adequate revenue generation through the project lifecycle, primarily through biomethane sales. With project lifecycles of 20 years or more, eliminating avoided methane crediting – even as soon as 2040 – negatively impacts the viability and SLCP reduction potential of projects in operation and development today.

The full lifecycle benefits of AD must be accounted for via appropriate methane crediting and biomethane valuation to promote organic waste digesters and achieve SLCP reductions goals. Currently, it is clear that biomethane from organic waste does **not** have a market value reflective of its real-life climate benefits, nor sufficient to garner the needed investment: CalRecycle estimates over 100 such facilities are needed in California to accommodate the 20 million tons per year of organics that must be diverted from landfill per SB1383; however, RBF is the only such food waste digester currently operating in the State. The premature and arbitrary elimination of biomethane crediting will further disincentivize development of this effective methane reduction strategy in two ways: first, by devaluing biomethane and negatively impacting project economics; and second, by creating uncertainty in the market and thereby reducing investor confidence and financeability. In short, changing the approach to avoided methane crediting in the LCFS will jeopardize the State's ability to meet its SLCP reduction goals and to develop additional biomethane supplies necessary to achieve carbon neutrality.

Maintaining credits for avoided methane emissions is absolutely essential to the continued operations of existing facilities generating biomethane from landfill-diverted organics, the development of and investment in additional similar facilities, and ultimately the achievement of SB 1383, SB 32, and AB 1279 (Muratsuchi, Chapter 337, Statutes of 2022). Eliminating avoided methane credits will irreparably damage the industries sorely needed to achieve the State's highest priority climate goals. Avoided methane crediting is a powerful tool as a market signal to encourage near-term investment and advance California climate goals. Enabling appropriate methane crediting on a lifecycle basis will incentivize near-term investment in food waste diversion infrastructure, establish a strong pipeline of cost-effective, carbon-negative biomethane generation to support both the transportation sector under LCFS and ultimately non-transportation sectors.

Conclusion



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Climate change is a grave threat to our environment and our economy. California has set an ambitious climate strategy and laws to reduce greenhouse gas emissions. Maintaining and improving LCFS is essential to support the development of a robust supply of in-state, carbon-negative biomethane, helping to achieve the State's targeted reductions in SLCP emissions and encouraging in-state economic development. In particular, maintaining consistency between LCFS and other California climate policy will enhance inter-program synergies and serve to better support achievement of climate goals across the board. We deeply appreciate your leadership in mitigating climate change and hope that our comments will help to make these excellent programs work even better in the future.

Respectfully,

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CC:

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