



Helping dairies fuel a renewable future

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June 27, 2022

California Air Resources Board
Low Carbon Fuel Standard
1001 I Street
Sacramento, CA 95814

Re: CalBioGas Hanford LLC Tier 2 Pathway Application No. B0307; Response to The Association of Irrigated Residents, Leadership Counsel for Justice & Accountability, Animal Legal Defense Fund, and Food & Water Watch

California Bioenergy LLC (“CalBio”) writes on behalf of CalBioGas Hanford LLC (“the project”) to provide responses to the comments received in a letter dated June 23, 2022 regarding the Tier 2 Pathway Application (No. B0307) for compressed natural gas (CNG) from dairy manure at ABEC #12 dba Wreden Ranch Dairy Biogas, ABEC #13 LLC dba Hollandia Farms Dairy Biogas, ABEC #14 LLC dba Cloverdale Dairy Biogas, Valadao Biogas LLC, Grimmius Biogas LLC in Hanford, California for use as transportation fuel in California. CalBio is responding within the scope of the Low Carbon Fuel Standard (“LCFS”) program per § 95488.7(d)(5)(A), which requires responses to comments “related to potential factual or methodological errors.”

CalBio appreciates the comments and is committed to full and accurate accounting of life cycle emissions associated with the pathway application. CalBio commends the California Air Resources Board (“CARB”) in its development of the Livestock Compliance Offset Protocol (“Protocol”) and Simplified CI Calculator for Biomethane from Anaerobic Digestion of Dairy and Swine Manure (“CI Calculator”), which have been vetted through public processes to ensure greenhouse gas (“GHG”) emission reductions are achieved beyond a business-as-usual baseline.

The coalition of groups (“Commenters”) who submitted comments contends that the application should be rejected as summarized below. As outlined in CalBio’s subsequent responses to each comment, CalBio does not believe these claims to be accurate and has developed the project entirely within the framework established by CARB to develop low carbon fuels in the transportation sector. In addition to reducing GHGs, this project generates renewable natural gas that displaces use of fossil-based fuels, improves local air quality, and creates local job opportunities on family-owned farms.

(1) LCFS System Boundary

The Commenters argue “the application applies CARB’s unlawfully truncated system boundary that ignores feedstock production at the factory farm and other emissions such as those from disposal of digestate, resulting in exaggerated Carbon Intensity values.”

This statement is incorrect. The project’s pathway application utilizes the exact methodology and calculators designed for use under the LCFS regulation. The lifecycle analysis for this pathway application was conducted using a modified version of the Board-approved Tier 1 Simplified CI Calculator for Biomethane from Anaerobic Digestion of Dairy and Swine Manure, which is incorporated by reference in the LCFS regulation, § 95488.3(b). As noted in the CARB Staff Summary, “the modified calculator has been determined to be equivalent to CA-GREET3.0 pursuant to § 95488.7(a)(1) of the LCFS regulation.”

The purpose of the LCFS pathway application is to calculate the methane emissions that would have occurred in the absence of the digester project. The lifecycle emissions are calculated in part using the GHG assessment boundary defined in Chapter 4 of the Compliance Livestock Offset Protocol (“LOP”), which delineates the Sinks, Sources, and Reservoirs (“SSRs”) that must be included or excluded when quantifying the net change in emissions associated with the installation and operation of a dairy digester. The lifecycle analysis includes an assessment of the baseline manure management practices at the dairies and because methane emissions from dairy operations are not regulated, reductions from these facilities exceed regulatory requirements and are therefore additional.

(2) Additionality of Methane Reductions

The Commenters believe CARB did not consider the additionality requirements of Health and Safety Code § 38562 which requires the state to adopt greenhouse gas emissions limits and emissions reduction measures by regulation to achieve the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions in furtherance of achieving the statewide greenhouse gas emissions limit.¹

As discussed above, crediting for the voluntary capture of methane is limited to the methane that would have otherwise been vented to atmosphere in the absence of such a project. The lifecycle analysis prepared using the CA-GREET 3.0 and reviewed by CARB and an independent third-party verifier confirms that real, quantifiable, permanent, and additional emission reductions have occurred.

The Commenters also incorrectly conflate the funding the projects have received through the Dairy Digester Development and Research Program (DDRDP) and the Aliso Canyon Mitigation Fund as double-counting and credit stacking. This is incorrect. The DDRDP grant program² was established to provide funding to help encourage the development of dairy digesters given the urgency of mitigating short-lived climate pollutants such as methane. The program has been

¹ <https://codes.findlaw.com/ca/health-and-safety-code/hsc-sect-38562.html>

² https://www.cdfa.ca.gov/oefi/ddrdp/docs/2022_DDRDP_Legislative_Report.pdf

extremely successful in helping the state achieve its methane reduction goals and participation in the program does not preclude a project from participating in the LCFS program. With respect to the Aliso Canyon Mitigation Agreement, the funds received for these projects is in the form of a loan that must be paid back to the state. CARB responded to public comments discussing the eligibility “for the digester developer to receive Low Carbon Fuel Standard (LCFS) Credits” and that the “revenue stream supports the goals of CARB’s LCFS (which seeks to lower the carbon intensity of transportation fuels), and allows SoCalGas’ mitigation payment—once repaid by the dairy digester developer, plus interest—to be used for additional public-benefit projects in the South Coast Air Basin.”³ Lastly, in the final Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target⁴ published in March 2022, it was further clarified that the state would not be counting reductions occurring from the Aliso Canyon Mitigation projects towards the 2030 Livestock Methane Reduction target.

(3) Incentivizing Methane Production

The Commenters speculate that the LCFS program incentivizes expansion and consolidation of dairies but fail to recognize that dairy industry consolidation is a trend that has been occurring for decades, not only in California, but all over the country. Dairies exist to produce widely consumed goods such as milk, butter, yogurt, ice cream, etc. and herds are managed based in response for demand for their products, not for gas production. Furthermore, the project is a separate entity than the dairy operation. As for enteric emissions, this is outside the scope of the LCFS program and digesters do not claim to reduce these emissions. CalBio stands ready to work with CARB once commercial solutions become available to mitigate enteric methane emissions.

(4) Carbon Intensity Values

Lastly, the Commenters contend that the Carbon Intensity values achieved by these projects create credits enabling further deficit generation. The only way to create LCFS credits for these projects is to use the captured methane as a substitute for diesel vehicle fuel. This reduces diesel consumption and diesel deficit production while also substantially reducing diesel NOx, PM2.5 and PM10 emissions. As a producer of renewable fuels, CalBio supports the transition away from fossil fuels and further action by CARB to increase its Carbon Intensity reduction targets in the LCFS program.

CalBio is appreciative of the opportunity to respond to these comments and discuss our LCFS pathway applications and the integrity of the LCFS program. We are confident our application fully complies with the requirements of the LCFS program and respectfully request CARB proceed with the certification of the pathway. CalBio is prepared to respond to any further input or inquiry from CARB should it be necessary.

³ https://ww2.arb.ca.gov/sites/default/files/2020-08/aliso_canyon_2018_10_09_final_summary_and_responses_to_public_comments.pdf

⁴ <https://ww2.arb.ca.gov/sites/default/files/2022-03/final-dairy-livestock-SB1383-analysis.pdf>

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Craig". The signature is fluid and cursive, with the first name "Andrew" written in a larger, more prominent script than the last name "Craig".

Andrew Craig
Vice President, Greenhouse Gas Operations
California Bioenergy LLC