

Pico Energy, LLC

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March 23, 2023

Guo Yu, Ph.D.
California Air Resources Board
Low Carbon Fuels Standard
Industrial Strategies Division
Guo.Yu@arb.ca.gov

RE: Response to Public Comment – Application No. B0369, Tier 2 Pathway: Compressed Natural Gas (CNG)

Dear Dr. Yu:

Montauk Energy Holdings, LLC (“Montauk”) is providing the following response to comments submitted during the 10-day public comment period by the Association of Irrigated Residents, Leadership Counsel for Justice & Accountability, Central Valley Defenders of Clean Water & Air, Animal Legal Defense Fund, Center for Food Safety, and Food & Water Watch (collectively, “Commenters”) and also those submitted by Mr. William Brieger, on the Tier 2 pathway application for the generation of transportation fuel from dairy manure.

The comments received are not related to factual or methodological errors contained in Montauk’s Tier 2 pathway application and as such do not require a written response in accordance with Section 95488.7(d)(5)(A) of the LCFS regulation. However, this response to the Commenters’ concerns is necessary because Montauk believes this project provides significant improvements to air quality and reduces greenhouse gas (GHG) emissions as intended by the Low Carbon Fuel Standard (“LCFS”) program.

Montauk appreciates the opportunity to respond to comments and we respectfully request that CARB certify Pathway Application No. B0369.

Sincerely,



Sharon Frank
VP Environmental, Health & Safety
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Public Comments to the Application and Applicant's Response

Comment No. 1

"First, the application incorporates an unlawfully truncated system boundary that ignores feedstock production at the four source factory farms owned by the Bettencourt Dairies, which confine a total of 15,700 cows, and other emissions such as those from storage and disposal of digestate, resulting in artificially low Carbon Intensity (CI) values and inflated credit generation."

Applicant Response No. 1

These statements are inaccurate. The analyses of the baseline and project scenarios have been conducted according to the LCFS requirements and verified by CARB staff. Montauk has fully utilized the CA-GREET3.0 life cycle analysis tool for this pathway application to account for all system boundaries.

The baseline is the absence of the anaerobic digester where the manure is sent to an open lagoon where it would degrade and create methane that is emitted into the atmosphere. This is common practice in the dairy industry. In the project scenario, the methane is being captured, cleaned of contaminants, and injected into the pipeline to be used as a vehicle fuel. In the project scenario the methane emissions from the open lagoons are avoided from the baseline. Remaining digestate from the digester is recycled for use as either a fertilizer or bedding materials used by the dairy. The LCFS program provides the incentive to the dairy to reduce the overall carbon footprint of its operation.

Comment No. 2

"Second, CARB has failed to ensure that the additionality requirements of Health and Safety Code section 38562 are met. If CARB had done so, it would have concluded that the methane capture at issue is patently not additional. (...) Accordingly, any purported emission reductions associated with this digester has already been occurring and presumably will continue to occur with or without being subsidized by the LCFS program."

Applicant Response No. 2

A portion of the above comment related to additionality is addressed to CARB separately and as such, is outside the scope of comments to this fuel pathway application. Montauk has provided all documents and information necessary to certify a Tier 2 pathway in conjunction with the approval of CARB staff. The same documents were provided to an approved third-party verifier as required by LCFS regulations. This verification process ensures the application includes a complete unredacted fuel pathway application with all supporting material. The Staff Summary provides an overview of the pathway, the facility operations, and ongoing operating conditions to which the fuel pathway will be subject.

Comment No. 3

"Third, this application is a good example of how CARB's flawed approach is rewarding the biggest factory farm polluters and incentivizing their further expansion, which does more climate harm than

good. The Bettencourt Dairies are not small family farms – they are large industrial dairies that confine 15,700 cows. CARB should not allow these factory farms – or the applicants to profit from the LCFS.”

Applicant Response No. 3

A portion of the above comment related to the dairies being factory farms is addressed to CARB separately and as such, is outside of the scope of this fuel pathway application. Montauk supports the mission and objective of the LCFS program to incentivize the reduction of methane. Owners that mitigate methane venting from standard manure management systems should be rewarded. As stated initially Montauk disagrees that this project does any climate harm. We believe this project significantly improves air quality and reduces GHG emissions which benefits the environment. CARB and the third-party verification body have reviewed the project application and found it in compliance with regulatory boundaries.

Comment No. 4

“Fourth, this application is so opaque that it is impossible for Commenters or other stakeholders to meaningfully evaluate it. The lifecycle analysis redacts information critical to understanding the CI calculation.”

Applicant Response No. 4

Montauk has provided the documents and information necessary to certify a Tier 2 pathway as required by the CARB staff. An approved third-party verifier reviewed all documents which included a complete unredacted fuel pathway application and supporting material.

The specific documentation included comprehensive dairy and processing facility data, including, but not limited to, number of livestock, manure management practices and parameters, local environmental conditions, and metered operational records. This information was used in the CARB-approved CA-GREET3.0 Model (“GREET Model”)¹ for Anaerobic Digestion of Dairy and Swine Manure (August 2018) which determined the CI score.

The third-party verifier reviewed the entirety of the baseline and project data Montauk used in the GREET Model. This review ensured the accuracy of the inputs and information. CARB finally conducted an independent engineering review of the project prior to the pathway being posted for the 10-day public comment period.

The CARB Staff Summary posted for public review ensures that all pathway information required for public comment is unredacted. The Life Cycle Assessment Report (“LCA Report”) discloses a summary of historic and current manure management practices, average number of cows and other details regarding the facility operations.

All redacted information in the documents posted for public comment constitutes “Confidential Business Information” and is exempt from public disclosure under the California Public Records Act (see Section 6254.7 of the California Government Code and CARB guidance document 20-05²).

Comment No. 5

“Finally, the inflated CI values CARB proposes here work an additional environmental injustice on California citizens who will be exposed to higher levels of pollution from fossil transportation fuel and dirty vehicles made possible by excessive credit generation at factory farms.”

Applicant Response No. 5

There are no analyses or proof that any community will be harmed through this project, specifically by higher levels of pollution from fossil transportation fuel and dirty vehicles. In fact, this project reduces methane emissions and other GHG emissions with the capture of biogas produced from uncovered lagoons.

Montauk supports CARB’s objective to reduce GHG emissions and decrease petroleum dependence in the transportation sector. As such, Montauk believes that this pathway benefits communities and ecosystems both in California and Idaho.

Comment No. 6

“There be a robust leak detection and repair protocol to find and immediately fix gas leaks from the processing and upgrading equipment. Otherwise leaks cancel other emission reductions.”

Applicant Response No. 6

Montauk maintains a leak detection and repair protocol for all biogas processing and upgrading equipment. Methane leak detection monitors and alarms are installed in the processing building for safety and economic reasons. Methane leaks at or near the lower explosive limit (LEL) can create explosive atmospheres and must be monitored for safety. In addition, material balances of the processing system are important to understanding the methane recovery and economic viability of the system. For these reasons Montauk ensures a robust leak detection and repair protocol is in place.

Comment No. 7

“There will be a condition that the dairy be operated in compliance with all local, state and federal environmental standards. Otherwise the dairy’s neighbors are burdened by production of California fuel.”

Applicant Response No. 7

The Bettencourt Dairies have obtained and they continue to comply with Concentrated Animal Feeding Operation (CAFO) permits. Compliance with their CAFO permits is essential for the dairy to continue operating. Montauk must obtain and comply with Air Permits to Construct and Operate from the Idaho Department of Environmental Quality. Air Permits regulate any emissions from the processing system and the digester to ensure the local environment is not harmed. Montauk also ensures compliance with all local, state, and federal environmental standards associated with water and solid waste.

¹[Tier 1 Simplified CI Calculator for Biomethane from Anaerobic Digestion of Dairy and Swine Manure](#)

²[Low Carbon Fuel Standard \(LCFS\) Guidance 20-05](#)