

June 13, 2023

Chair Randolph
California Air Resources Board
1001 I Street Sacramento, CA 95814

Re: Responses to ICCT Comments on Tier 2 Pathway Application No. B0430

Dear Chair Randolph,

FirstElement Fuel (FEF) is pleased to provide the following responses to the International Council on Clean Transportation (ICCT) Comments on our subject application. The basic objection voiced by ICCT is that the biomethane is not “additional” since it was simply diverted from electricity production to pipeline injection.

Specifically, below are ICCT’s objections, immediately followed by FEF’s rebuttals:

1. “the farms have installed a digester more than a decade ago and have already been capturing methane to ‘produce electricity used on-site and transmitted to the local electrical grid.’¹ “

The analyses have been conducted according to the LCFS requirements and verified by CARB staff. The life cycle emissions are calculated using the GHG assessment boundary defined in Chapter 4 of the Compliance Livestock Offset Protocol, which delineates the Sinks, Sources, and Reservoirs that must be included or excluded when quantifying the net change in emissions associated with the installation and operation of a dairy digester. The life cycle analysis includes assessing the baseline manure management practices at the dairies. Because methane emissions from dairy operations are not regulated, reductions from these facilities exceed regulatory requirements and are therefore additional.

2. “The pathways in question reflect a transition of biomethane from existing use for generating electricity to a different use to upgrade it for the natural gas grid. Yet, the proposed counterfactual assumption of methane venting in the pathway application implies that in the absence of the financial value of the LCFS program, that the methane would be released into the atmosphere. There is insufficient evidence in the package of information shared with the public to suggest that the LCFS does more than provide additional value to an existing capture system.”

Certification of this pathway would not violate the LCFS regulation or Health and Safety Code¹. Per California Code, Health and Safety Code - HSC § 38562 (b)(3), it is noted that

¹ “The Yellowjacket Project,” Brightmark.com, accessed May 30, 2023, <https://brightmark.com/renewablenatural-gas/projects/the-yellow-jacket-project/>

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the State Board will “Ensure that entities that have voluntarily reduced their greenhouse gas emissions prior to the implementation of this section receive appropriate credit for early voluntary reductions.” The LCFS program was not designed to punish those that were already voluntarily reducing emissions but to incentivize reductions so others would also begin to participate in these efforts. Further, without the LCFS program and the associated avoided methane crediting to assist in subsidizing expensive digester operations, it is more likely that these dairies' use of the digester system would stop, and emissions would continue as if no digester existed. Without incentive programs like the LCFS, mitigation of emissions would likely backslide.

3. “we recommend that CARB evaluate the additionality of the project.”

“If the LCFS credits existing biogas electricity projects with avoided methane credits for transitioning to RNG production, it would create a perverse incentive within the program.”

“we recommend that CARB reassess the CI calculation methodology for the nine pathways by setting the projects’ baseline operating conditions as biomethane electricity production rather than methane venting.”

These comments are policy recommendations to CARB and hypothetical, so are not addressed here.

FEF appreciates the opportunity to respond to the public comments received for the Tier 2 Pathway Application No. B0430. However, the Commenters do not present any factual basis to oppose the application. FEF respectfully requests the CARB proceed with the certification as recommended by staff.

Sincerely,

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Vice President
Strategic Growth & Government Affairs
FirstElement Fuel, Inc.