GHI Energy, LLC
835 Knitting Mills Way,
Wyomissing, PA 19610

March 27, 2025

Liane M. Randolph
California Air Resources Board
Low Carbon Fuel Standard
1001 I Street
Sacramento, CA 95814

RE: Tier 2 Pathway Application No. B069201; Response to Leadership Counsel for Justice and Accountability, Central Valley Defenders of Clean Water & Air, Food & Water Watch and the Animal Legal Defense Fund

Dear Chairperson Randolph,

GHI Energy, LLC ("GHI" or "Pathway Applicant") thanks you for the opportunity to respond to the letter received on March 18, 2025, by Leadership Counsel for Justice & Accountability, Central Valley Defenders of Clean Water & Air, Food and Water Watch and the Animal Legal Defense Fund (collectively "Commenters"), on GHI's Tier 2 Pathway Application No. B069201 (the "Application"). GHI is responding within the scope of the Low Carbon Fuel Standard ("LCFS") program §95488.7(d)(5)(A) , which requires responses to comments "related to potential factual or methodological errors will require responses from the fuel pathway applicant."

In summary, GHI does not believe the public comments received on the Application are related to factual or methodological errors and believe that the comments incorrectly claim adverse environmental damage resulting from the Spruce Haven Dairy manure project (the "Project"). The Project results in significant long-term air quality improvements and greenhouse gas emission reductions through the use of Renewable Natural Gas ("RNG") as a transportation fuel. The use of RNG as a fuel displaces diesel trucking emissions and reduces methane and other fugitive emissions through improved dairy manure management at the Project. GHI will address the Commenters' letter, as set forth below in the sections in *italics* (internal citations removed), with our responses immediately following. We believe that no revisions to the pending Application are needed following sufficient review and approval of our response by the California Air Resource Board ("CARB").

> *Commenters Point 1: First, the application incorporates an unlawfully truncated system boundary that ignores feedstock production at the source factory farms in Union Springs, New York – which confines a total of 3300 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. For example, the applicant's system boundary in their life cycle analysis report explicitly excludes enteric fermentation—a major source of methane emissions that cannot be disentangled from the process of creating applicant's factory farm gas. A fuel pathway life cycle analysis must take into account "feedstock production" and "waste generation, treatment and disposal." In addition to the evidence provided in Exhibits A and B, more research indicates that emissions from factory farm gas production are significantly higher than currently appreciated, with especially high emissions from digestate storage. This recent study did not consider additional emissions from digestate*

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handling and application, which is another potentially large source of emissions resulting from factory farm gas production that must be included in the pathway life cycle analysis. Yet, CARB and the pathway applicant ignore these and other emissions. In other words, this application dramatically undercounts the greenhouse gas emissions associated with this fuel by failing to apply the required "well-to-wheel" analysis.

Concurrently, this application overcounts environmental benefits by ignoring that this is, in one factory farm owner's words, "lucrative" feedstock production. Liquified manure rotting anaerobically in massive waste "lagoons" is not an unavoidable and natural consequence of animal agriculture operations. This system and the methane emissions that it causes are the result of the source factory farm's intentional management decisions designed to maximize profits and externalize pollution costs. CARB cannot ignore that the emissions the pathway applicant claims as captured from the factory farm's lagoons are intentionally created in the first place. The manure handling practices at this facility are an integrated part of generating and using factory farm gas. Thus, the gas generated at this facility is an intentionally produced product and cannot now be claimed as "captured" to secure a lucrative negative CI value.

GHI Response 1: The CIs quantified in the pathway application process utilize a lifecycle analysis methodology which accounts for all emissions within the designated boundary based on the existing LCFS regulations. The CI score of the Project incorporates baseline manure management practices and follows the life cycle analysis according to the guidance laid out in the 2014 California Livestock Projects Compliance Offset Protocol, which includes Project emissions from the storage and disposal of digestate. As a result of this process, the Project shows avoided methane emissions from the baseline, resulting in the generation of credits by diverting methane from the farm.

Commenters Point 2: Second, CARB has failed to ensure that the additionality requirements of Health and Safety Code section 38562 are met. Applicant's digester was built in 2014, indicating that any purported emission reductions occur independent of the LCFS. Carb must conduct an additionality analysis.

GHI Response 2: Commenters' second item is addressed to CARB separately and not any factual or methodological errors in the Application and, as such, is outside the scope of comments to this fuel pathway application. As required by sections 95488.7 and 95488.8 of the LCFS regulation, Pathway Applicant has provided all the documents and information necessary to certify a Tier 2 pathway. The Commenters beliefs of the appropriateness of the review performed by CARB is not appropriate for a responsive comment as submitted by Commenters. The construction date of Pathway Applicant's digester, alone, is irrelevant and immaterial to the appropriateness of its eligibility to receive approval and certification under the LCFS.

Commenters Point 3: Third, this application is a exemplifies how CARB's flawed approach is rewarding the biggest factory farm polluters and incentivizing further expansion and herd consolidation, which does more climate harm than good. The source factory farms are not a sustainable family farms—they are massive industrial operations that confine 3,300 cows. CARB should not allow these factory farms—or their applicant—to profit from the LCFS.

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GHI Response 3: The above comment is not related to potential factual or methodological errors and therefore does not require a response from the Pathway Applicant. The Pathway Applicant provided all the required information and supporting documentation necessary to certify the Tier 2 fuel pathway application to both CARB staff and an approved third-party verifier.

> *Commenters Point 4: Fourth, this application is so opaque that it is impossible for Commenters or other stakeholders to meaningfully evaluate it. For example, the lifecycle analysis redacts information critical to understanding the CI calculation.*

GHI Response 4: The Pathway Applicant met all pathway application requirements laid out in the regulation. This application was reviewed by CARB staff and validated by the third-party verifier. The Pathway Applicants redactions were necessary to protect confidential proprietary information related to the operation of Pathway Applicant's business practices that, if made public, would cause competitive harm. Redactions of this type have been consistently confirmed as valid by courts in essentially every federal and state jurisdiction in the country that have been presented with the issue. The Application included all aspects of the lifecycle analysis required by the LCFS. All information regarding the final CI score is transparent and unredacted.

> *Commenters Point 5: Lastly, the inflated CI values CARB proposes here impose additional environmental injustices 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. CARB has acknowledged that pollution from transportation fuels inflicts a racially disparate impact, so this continued certification of fuel pathways with extreme negative CI values to allow more pollution from deficit holders contributes to this injustice.*
>
> *As this application highlights, CARB's unlawful and unjust administration of the LCFS program is causing environmental and public health harms in California and elsewhere—in this case New York—by incentivizing and rewarding some of the worst factory farm practices by making them more "lucrative." If California is serious about being a climate leader, this is not the example to set.*

GHI Response 5: The above comment is not related to potential factual or methodological errors and therefore does not require a response from Pathway Applicant. It should be noted all CARB guidance was followed to quantify the lifecycle emissions which includes the transport of the finished fuels. The LCFS program is a transportation GHG reduction policy that has resulted in significant decreases in conventional fuel consumption and GHG emissions from the transportation sector in California.

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In summary, GHI believes that our Tier 2 pathway application complies with all regulatory requirements and that no changes are needed. The concerns raised by Commenters primarily reflect broader policy objections to CARB's LCFS framework rather than deficiencies in our application. Denying or deferring this application would be inconsistent with CARB's established processes and would undermine California's efforts to reduce methane emissions and develop clean transportation fuels.

Sincerely,

DocuSigned by:
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Anthony Cox
Vice President
GHI Energy, LLC