

DOCKETED

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Bioenergy Association Comments on ARFVTP Plan

Additional submitted attachment is included below.



March 22, 2018

The Honorable Robert Weisenmiller, Chair
The Honorable Janea Scott, Commissioner
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

**Re: Comments on 2018-19 Investment Plan Update for the
Alternative and Renewable Fuel and Vehicle Technology Program**

Dear Chair Weisenmiller and Commissioner Scott:

I am writing on behalf of the Bioenergy Association of California's more than 70 members to express strong concerns about the Proposed Investment Update for the Alternative and Renewable Fuel and Vehicle Technology Program ("ARFVTP"). Despite the urgency of accelerating biogas development from organic waste, and the Air Board's call to use that biogas for transportation fuel, the Proposed Investment Plan actually removes all funding for biogas and other biofuels. Instead, it proposes \$25 million for biofuels production if, and only if, the funding is provided from Cap & Trade revenues (not ARFVTP funding), which depends on future legislative action and may not happen at all. Failing to include funding for the lowest carbon fuels that can replace the most polluting vehicles on the road, is **arbitrary and capricious** and will cause a significant set-back in achieving the state's climate and air quality goals.

The Bioenergy Association of California represents more than 70 public agencies, local governments, private companies, utilities, environmental groups and others working to convert organic waste to energy. BAC's private sector members include energy and technology companies, waste haulers, agriculture, investors, utilities and others. BAC's public sector members include waste, environmental, wastewater, air quality and economic development agencies as well as non-profits working to reduce climate and air pollution.

BAC members are currently producing the lowest carbon intensity fuels of all fuels participating in the Low Carbon Fuel Standard Program. BAC members are also producing fuels from organic waste – dairy and diverted organic waste – to meet the requirements of SB 1383 (Lara, 2016) to reduce Short-Lived Climate Pollutants. Many BAC members have received ARFVTP funding in the past, and many more are relying on it in the coming years to help meet their

requirements to divert 75 percent of organic waste away from landfills by 2025, reduce methane from dairies, and reduce black carbon from agricultural and forest burning.

BAC strongly opposes, and questions the legality of, the Proposed Investment Plan for several reasons:

1. The Proposed Investment Plan Provides No Metrics for Carbon Reduction, Air Quality Improvements, or Cost-Effectiveness.

The Proposed Investment Plan states that it is based on a set of “goal driven priorities” and that it supports a variety of alternative fuels and technologies.¹ Neither of these statements is supported by the Plan itself. The Proposed Investment Plan lays out the state’s climate and air quality goals, but never provides a metric for determining how to invest ARFVTP funds to maximize progress in meeting those goals. The plan provides no analysis of the tons of greenhouse gases, Short-Lived Climate Pollutants, or criteria air pollutants that have or will result from different fuels or technology investments. Nor does it provide any analysis of the cost-effectiveness of different investments, the market demand, or other factors that would provide for a reasoned, performance-based decision on how to allocate ARFVTP funds. Instead, the plan presents the state’s climate and air quality goals, then presents a funding plan that appears to be largely divorced from those goals.

BAC urges the Commission to reconsider the Proposed Investment Plan and revise it based on maximizing climate and air pollution reductions that can be achieved as fast as possible, the cost-effectiveness of those reductions, and other environmental and economic benefits, such as reductions in landfilling and wildfire, job creation, potential to benefit disadvantaged communities and other state priorities.

2. The Proposed Investment Plan Contradicts the State’s Climate Policies by Failing to Invest Any ARFVTP in the Fuels that Provide the Greatest GHG and SLCP Reductions.

Throughout the Proposed Investment Plan, it states that greenhouse gas and air pollution reductions are the program’s highest priorities. Yet the Proposed Investment Plan allocates zero ARFVTP funding to the fuel that can provide the greatest reductions in climate and air pollution, which is biogas produced from organic waste. According to the California Air Resources Board, biogas from dairy waste is the lowest carbon fuel of any kind, with a carbon intensity of -276 grams CO₂e/MJ. The second lowest carbon intensity fuel is biogas produced from diverted organic waste, which is the only other carbon negative fuel certified by the California Air Resources Board under the Low Carbon Fuel Standard.

¹ 2018-2019 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program, Second Revised Staff Report, released March 5, 2018, at page iii.

Failure to allocate ARFVTP funding for biogas contradicts the state’s 2030 Climate Change Scoping Plan, the Short-Lived Climate Pollutant Strategy and the Sustainable Freight Strategy. The 2030 Scoping Plan calls specifically for the production of more clean, renewable biofuels, cleaner freight and goods movement, and slashing “super-pollutants” from dairies and landfills.² The Scoping Plan also calls for a “balanced mix of strategies” to provide California with “the greatest level of certainty in meeting the [climate] target at a low cost while also improving public health, investing in disadvantaged and low-income communities, protecting consumers, and supporting economic growth, jobs and energy diversity.”³

The 2030 Scoping Plan calls specifically to increase the instate production of renewable gas to reduce Short-Lived Climate Pollutant emissions. The Scoping Plan proposes:

“using more renewable gas – a valuable in-state resource made from waste products – especially in the transportation sector. Replacing fossil fuels with renewable gas can reduce potent short-lived climate pollutants, and state policies should support this effort. Reducing demand for natural gas, and moving toward renewable gas, will help California achieve its 2030 climate target.”⁴

The 2030 Scoping Plan goes on to say that meeting our climate goals while growing the economy depends on transitioning the state’s transportation system to one powered by ZEV’s and low carbon fuels and calls for the “research, development and deployment of low carbon fuels such as renewable gas.”⁵ The need to include both zero tailpipe emission and low carbon fuels is demonstrated clearly by the fact that biofuels currently provide 94 percent of the state’s Low Carbon Fuels by volume and 89 percent of the LCFS credits.⁶

We cannot overstate the importance of biogas and other biofuels to meet the state’s climate change goals. The 2030 Scoping Plan estimates that more than half of the state’s climate pollution reductions will come from three sources: 1) reduction of Short-Lived Climate Pollutants, 2) greenhouse gas reductions from the freight sector, and 3) biofuels production.⁷ In other words, without a significant focus on SLCP reduction, freight sector emissions and biofuels, California will not meet the requirements of SB 32 (Pavley, 2016) and SB 1383 (Lara, 2016).

To ignore the state’s climate analysis and strategy, as adopted by the California Air Resources Board, is arbitrary and capricious and should be corrected before

² California’s 2017 Climate Change Scoping Plan, released by the California Air Resources Board, November 2017, at page ES4.

³ Id.

⁴ Id. at page ES11.

⁵ Id. at pages 73 and 77.

⁶ ARB staff update on the LCFS, presented to the California Air Resources Board, June 22, 2017.

⁷ Id. at page 28.

the adoption of the ARFVTP Investment Plan. BAC urges the Commission to include ARFVTP funding for biogas production that is commensurate with the biofuel, freight and SLCP targets in the state's climate plan. Failing to allocate any ARFVTP funding to biofuels hardly constitutes the "balanced mix of strategies" called for in the state's climate change plan. To include no ARFVTP funding to the lowest carbon fuels does not meet the most minimal standard of reasonableness given the state policies that ARFVTP funding is intended to help achieve.

3. The Proposed Investment Plan Fails to Invest Any ARFVTP in Vehicles that Can Replace the Most Polluting Vehicles on the Road.

Heavy duty, diesel powered trucks are the largest sources of air pollution in the state's most polluted air districts, the South Coast and San Joaquin Valley Air Districts. In the San Joaquin Valley, heavy duty diesel trucks cause nearly half of all air pollution⁸ and there is no zero tailpipe emission option to replace those trucks. There is, however, a commercially available, near-zero emission natural gas truck that can cut NOx and toxic air contaminants by 90 to 99 percent compared to a diesel truck, yet the Proposed Investment Plan allocates no funding to these ultra clean trucks or the biogas that can fuel them.⁹

Failing to allocate any funding to near-zero emission trucks ignores the largest sources of air pollution in the most polluted regions of the state and the state's most heavily impacted communities. This is simply not reasonable when there is a commercially available option that can immediately and significantly cut the largest source of air pollution from the transportation or any other sector.

Investing all of the ARFVTP funding in technologies that make up a small percentage of the market will make it harder to achieve state and federal air quality standards. Governor Brown's Executive Order on ZEV's sets a goal of 5 million ZEV's on the road in 2030. That leaves more than 25 million other vehicles that will not be ZEV's, yet the Proposed Investment Plan would provide zero ARFVTP funding to reduce the climate and air pollution from 83 percent of the vehicles on the road in 2030. This is simply not a reasonable allocation of funding given the urgency – and the legal requirements – to reduce air pollution quickly and significantly.

Conclusion

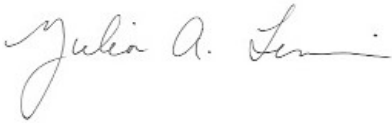
BAC members strongly support the ARFVTP program, but the Proposed Investment Plan for 2018-19 fails to comply with the state's climate change and air quality requirements, picks arbitrary winners and losers, and fails to provide objective, policy-based metrics. For all these reasons, we urge the CEC to revise the Proposed Investment Plan to ensure that it provides the "balanced mix

⁸ San Joaquin Valley Air Pollution Control District, presentation by Dave Warner to the Dairy Methane Working Group, Sacramento, May 23, 2017.

⁹ Proposed Investment Plan, Table ES-3.

of resources” that the state’s climate change strategy and air quality goals require.

Sincerely,

A handwritten signature in cursive script that reads "Julia A. Levin". The signature is written in a dark ink and is positioned below the word "Sincerely,".

Julia A. Levin
Executive Director