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Docket Number:	17-IEPR-10
Project Title:	Renewable Gas
TN #:	219908
Document Title:	Presentation - 2017 Integrated Energy Policy Report - ARB Perspective
Description:	6.27.2017-Presentation by Floyd Vergara of ARB
Filer:	Raquel Kravitz
Organization:	Air Resources Board
Submitter Role:	Public Agency
Submission Date:	6/26/2017 11:43:46 AM
Docketed Date:	6/26/2017

2017 Integrated Energy Policy Report: ARB Perspective

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June 27, 2017

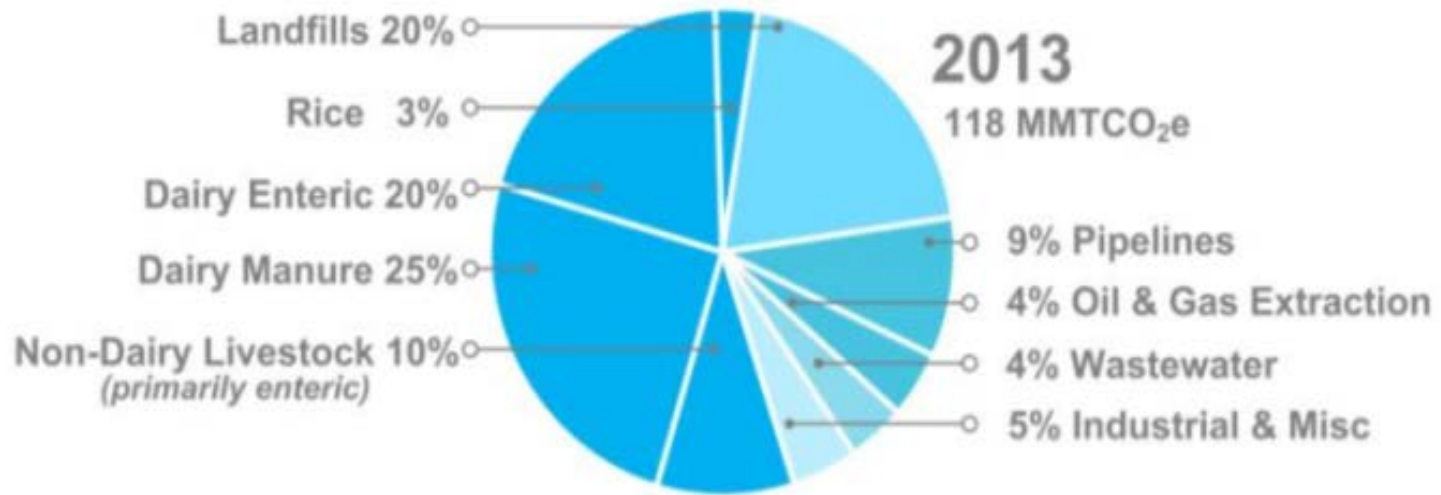
Overview

- The SLCP Strategy
- SB 1383 requirements
- Existing Programs affected by SB 1383
 - Cap and Trade Offset Program
 - Mobile Source Strategy
 - Low Carbon Fuel Standard
 - Sustainable Freight Action Plan
- Tracking Methane Reduction Progress

SLCP Strategy

- SB 605 (Lara, 2014) directed ARB to develop Strategy to reduce SLCP emissions
- SB 1383 (Lara, 2016) directed ARB to approve and implement SLCP reduction measures
- SLCP Strategy approved by the Air Resources Board in March 2017
- Identifies SLCP reduction targets and measures
 - 40 percent reduction of methane from 2013 levels by 2030

Methane Emissions in California



SB 1383 Requirements

- Work with CalRecycle to develop regulations to divert 50% and 75% of organics from the MSW waste stream by 2025 and 2030, respectively (2014 baseline).
- Work with CEC on recommendations for development and use of renewable gas in 2017 IEPR process
- Improve predictability of revenue streams from renewable gas by January 1, 2018:
 - Establish pilot financial mechanism
 - Provide guidance on regulatory impact on credit revenues

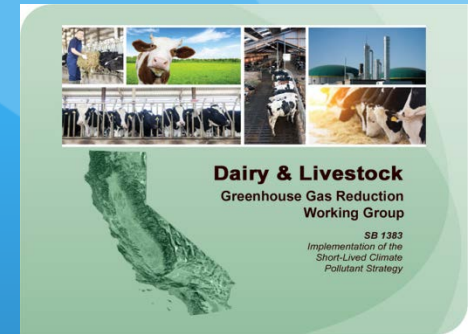
SB 1383 Requirements for Dairy and Livestock Sector

- Reduce dairy and livestock methane emissions by 40 percent from 2013 levels by 2030
- Advise CPUC on selection of at least five dairy biomethane pipeline injection projects by January 1, 2018
- Report on progress dairy and livestock sector has made in meeting SLCP Strategy reduction goals by July 1, 2020
- Implement methane reduction regulations on or after January 1, 2024

SB 1383 Requirements for Dairy and Livestock Sector

- Form dairy and livestock sector working group
 - Identify and address technical, market, regulatory, and other barriers to development of methane reduction projects

Dairy and Livestock Working Group



- Include broad range of stakeholders including developers, industry, agencies, utilities, and others with demonstrated expertise
- Collaborate on GHG reduction strategies, including encouraging biomethane use.

Working Group Structure

- Working Group = Oversight + Technical Subgroups
- Three Technical Subgroups
 - #1: Fostering markets for non-digester projects
 - #2: Fostering markets for digester projects
 - #3: Research needs , including enteric fermentation
- Subgroups present deliverables to WG at various points
- Meetings open to the public
- Working Group meets semi-annually, next meeting late 2017
- Subgroups meet ~monthly

Existing Programs

- Cap and Trade Livestock Projects Offset Protocol
 - Offsets generated for GHG emissions reductions from biogas control systems
 - Offsets have market value as compliance instruments
- Mobile Source Strategy
 - Strategies to reduce mobile source emissions
 - Displacing diesel with biomethane reduces criteria pollutants and toxics, including in the Low Emission Diesel Measure

Existing Programs (cont.)

- Low Carbon Fuel Standard
 - Incentivizes biofuels with lower carbon intensities (CIs) than fossil fuels.
 - 10% reduction in carbon intensity by 2020
 - Dairy biomethane has one of the lowest CIs, offering important revenue potential
- Sustainable Freight Action Plan
 - Includes targets to improve freight efficiency and zero- and near-zero-emission vehicle rollout
 - Calls for pilot projects, including a dairy biomethane cluster project

Existing Programs cont.

- Interagency efforts
 - CDFA Dairy Digester and Alternative Manure Management Programs

Tracking Reduction Progress

- ARB Greenhouse Gas Inventory
 - Sufficiently robust and reliable to track progress toward SB 1383 emissions reduction goals
- Tracking Credit Transactions
 - LCFS
 - Transactions are tracked by the Low Carbon Fuel Standard Reporting Tool and Credit Bank & Transfer System (LRT-CBTS)
 - Cap and Trade
 - Cap and Trade offset transactions are tracked by the Compliance Instrument Tracking System Service

Thank You