

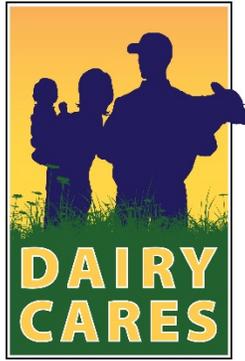
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Dairy Cares Comments on 8-31 IEPR Workshop on Renewable Natural Gas

Additional submitted attachment is included below.



Dairy Cares Comments on August 31, 2021 IEPR Workshop on Renewable Natural Gas

Docket No. 21-IEPR-05

September 14, 2021

Dairy Cares appreciates the opportunity to provide the following comments to the California Energy Commission (“CEC”) on the recent workshops on renewable natural gas (“RNG”) supply and policy. Dairy Cares represents the California dairy sector, including dairy producer organizations, leading cooperatives, and major dairy processors.¹ As discussed below, the California dairy sector has made tremendous progress in reducing the carbon intensity of milk produced in California, but there is still more work to be done. Additional state incentives are needed for *in-state* dairy methane reductions that are still needed to reach the State’s Short Lived Climate Pollutant (“SLCP”) goals for the dairy sector. In addition to addressing RNG development needs, the CEC should not just address the technical potential for RNG supply in California, but also the economic feasibility of increasing RNG supplies. California food processors are very concerned that the imposition of high costs of RNG compared to conventional natural gas could exacerbate trade pressures and emission leakage risks faced by California food producers and processors.

California family dairy farms are leading change and making significant progress in reducing GHG emissions. Producing a glass of milk from a California dairy cow generates 45% less GHG emissions today than it did 50 years ago.² Significant advancements in farming efficiency, feed crop yields, veterinary care, sustainable food practices, and animal nutrition, have helped reduce the environmental footprint of dairy production. More can and is being done to lower the climate footprint even further. California dairy farm families are working closely with the California Department of Food and Agriculture (“CDFA”) and the California Air Resources Board (“CARB”) to further reduce the State’s methane emission inventory.

The Draft *Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target* (“the Analysis”) recently released by CARB shows that the dairy sector is projected to achieve significant additional reductions toward the SB 1383 target by 2030 through modifications to manure management systems - primarily using anaerobic digesters - and

¹ For more information about Dairy Cares, please visit www.dairycares.com.

² UC Davis CLEAR Center: *Methane, Cows, and Climate Change: California Dairy’s Path to Climate Neutrality*, p. 2, available at: https://clear.ucdavis.edu/sites/g/files/dgvnsk7876/files/inline-files/CLEAR-Center-Methane-Cows-Climate-Change-Sep-2-20_6.pdf.

additional reductions through decreases in animal populations.³ Manure management projects completed or in development are already projected to account for more than 2 MMTCO₂e of reductions annually. The Analysis also shows that herd population reductions are expected to annually account for an additional 2 MMTCO₂e of reduction by 2030. Achieving additional reductions will require the dairy and livestock sector to implement additional manure management projects and proven enteric mitigation strategies over the next few years. However, CARB's desired target of 9 MMTCO₂e reduction cannot, and will not, be met without significant State and/or federal funding and incentives. Ensuring availability of incentives in the near-term is particularly important in light of this fact.

Much of the August 31, 2021 IEPR workshops were devoted to developing a record concerning the availability of various RNG supplies. Dairy Cares supports the California Energy Commission's thorough and ongoing analysis of RNG supply. The Commission's analysis should continue to focus not only on the technical potential for RNG supply in California, but also evaluate the relative cost effectiveness of various RNG supplies as carbon mitigation strategies. Dairy Cares is concerned that if the state presumes that the full technical potential of RNG supply in California is also economically feasible, then policies will be structured without fully considering the effects on California's economy.

It is also important to consider where RNG supplies will come from. In the case of the CARB Low Carbon Fuel Standard ("LCFS") program, much of the supply has come from out-of-state RNG projects. Dairy Cares is concerned that the high cost of RNG may lead to substantial costs (e.g., in natural gas rates) imposed on California ratepayers. It is important that these costs are tied to the achievement of the SB 1383 targets, which applies to in-state emission sources. In other words, California's policies should demonstrate how other States can achieve SLCP reductions, but California ratepayers should not have to pay for other state's SLCP reductions.

In sum, the Commission's analysis in this IEPR should focus on the economic potential for RNG development and the costs/benefits to California businesses. Dairy Cares remains concerned that RNG is five to ten times as expensive as conventional natural gas and may not be a viable solution for stationary sources that are difficult to electrify.⁴ We are concerned that if costs are imposed on businesses in the state's path towards decarbonization, then in-state businesses like food processing that are subject to intense domestic and international trade pressures will face even greater leakage risks. This is true in the dairy sector as many dairy farms are consolidating or closing due to domestic trade pressures.

Dairy Cares appreciates the opportunity to submit these comments.

³ CARB Draft *Analysis...*, p. ES-2, available at: <https://ww2.arb.ca.gov/sites/default/files/2021-06/draft-2030-dairy-livestock-ch4-analysis.pdf>.

⁴ See 2022 Scoping Plan Joint comment letter of the Agricultural Energy Consumers Association, California Manufacturer's and Technology Association, California Farm Bureau, California Cotton Ginners and Growers Association, California Food Producers, California Poultry Federation (July 9, 2021), available at: <https://www.arb.ca.gov/lists/com-attach/28-sp22-kickoff-ws-BWYHYFYIAjNVDAV2.pdf>.