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March 9, 2026

Ms. Rajinder Sahota
Deputy Executive Officer – Climate Change & Research
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Maas Energy Works comments on CARB's 2026 Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation (released January 20, 2026)

Dear Ms. Sahota,

Thank you for the opportunity to provide these comments to the California Air Resources Board (CARB) relating to the Proposed Amendments released on January 20, 2026. Maas Energy Works (MEW) is appreciative of CARB's efforts over the past several years to develop the Cap-and-Invest program into a robust and fair policy framework.

MEW is a family-owned business based in Redding, California. We develop, own, and operate on-farm renewable energy facilities. We work with dairy families to create biogas using cow manure and other organic wastes. That biogas is then used to generate vehicle fuel—generally in the form of compressed natural gas, but we can also produce electricity and hydrogen. Our ~220 employees operate the nation's largest fleet of dairy digesters, with operational facilities right here in California and more than 10 additional projects in development.

We are writing to submit comments to CARB's proposed amendments to the Cap-and-Invest regulation.

1. **Allow Offset Project Operators to participate in both the compliance offset program while simultaneously selling RNG under SB1440**

Section 95852.1 of the Proposed Amendments includes modified text which would prohibit a company like MEW from separately selling RNG to utilities while also being eligible to participate in the compliance offset program. The modified text states:

> *An entity claiming use of an exempt biomass-derived fuel must have sole ownership or contract rights to the biomass-derived fuel and any associated emissions exemption or emissions reductions attributed to the use of the fuel such that no other*

> *entity may claim an emissions exemption to reduce a compliance obligation or otherwise claim a reduction in emissions associated with the use of the biomass-derived fuel. Exempt biomass-derived fuels may be associated with the generation of Renewable Energy Credits or Low Carbon Fuel Standard Credits.*

In plain terms, this language looks like it would prevent a dairy digester project from doing both of the following at the same time:

1. Sell RNG to a California utility under SB 1440, and

2. Generate Cap-and-Invest offset credits, or any other kind of credits whether voluntary or regulatory, for the verified methane reductions created by the digester project.

Since the SB 1440 structure does not enable utilities to pay extra for the avoided methane benefits of dairy digesters, and since this language would prohibit sale of those avoided methane benefits to anyone else, projects could not afford to participate in SB 1440 with these rules since dairy methane cannot compete on price with high volume, high CI forms of biomethane. But that outcome seems suboptimal in meeting the state's goals of biomethane procurement and methane abatement. The proposed language would make explicit SB 1440's current de facto ban on selling avoided dairy methane emissions. That de facto ban on avoided methane credit generation is the main reason no dairy projects have participated in the SB 1440 program so far, and none will participate if this language is included.

We suggest that the SB 1440 program should treat biomethane renewable fuel separately from dairy methane emissions reductions, as has been the precedent in California for at least 14 years. CARB's Livestock Offset Protocol allows dairy digesters to sell renewable electricity and the associated renewable energy credits to a utility, while separately creating avoided methane carbon credits under the AB 32 Cap-and-Trade system. Likewise, CARB's Low Carbon Fuel Standard (LCFS) allows a project to generate renewable fuels under the federal Renewable Fuels Standard, while separately selling avoided methane LCFS credits under that system. The proposed language would change this precedent, and essentially stop any SB 1440-based development of dairy digesters—which is contrary to the program's goal.

Please note also that allowing dairy digesters to generate operational revenue by selling avoided methane credits to other parties will enable the SB 1440 program and California rate payers to procure dairy biomethane without needing to pay the high price generally associated with dairy biomethane.

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This proposal would not be a new or untested approach. California already uses a similar structure under the CPUC's BioMAT program. Under BioMAT, an offset project can produce carbon-neutral Renewable Energy Certificates (RECs) that a utility can use for Renewable Portfolio Standard (RPS) compliance, while that same project can also generate offset credits under Cap-and-Invest. In other words, California has already recognized that when environmental attributes are clearly defined, they can be used for different regulatory purposes without double counting. Applying that same concept to RNG procurement under SB 1440 would better align state programs and help California meet its clean energy goals faster.

This approach is consistent with CARB's long-term climate strategy. CARB's 2022 Scoping Plan emphasizes the need to decarbonize the industrial sector and to shift biomethane away from transportation uses and toward end uses that are harder to electrify. The Scoping Plan specifically identifies implementation of biomethane procurement targets for investor-owned utilities under SB 1440 (Hueso) as a strategy to reduce GHG emissions from remaining pipeline gas and to reduce methane emissions from organic waste.

Allowing utilities to procure RNG while preserving offset eligibility also advances the intent of SB 1383, which directs CARB to reduce short-lived climate pollutants, including methane from dairies, and to adopt policies and incentives that significantly increase the sustainable production and use of renewable gas, including through market-based compliance mechanisms.

To address this in this rulemaking process, MEW proposes the following modifications to the language in Section 95852.1 which would allow for offsets to be generated and contracted separately from the physical RNG:

> *An entity claiming use of an exempt biomass-derived fuel must have sole ownership or contract rights to the biomass-derived fuel and any associated emissions exemption ~~or emissions reductions~~ attributed to the use of the fuel for purposes of compliance with this subarticle, such that no other entity may claim an emissions exemption to reduce a compliance obligation ~~or otherwise claim a reduction in emissions associated with the use of the biomass-derived fuel~~. Exempt biomass-derived fuels may be associated with the generation of ARB Offset Credits, Renewable Energy Credits or Low Carbon Fuel Standard Credits.*

Notably, the regulatory text as-written already allows for an exemption for biomass-derived fuels such as RNG to be claimed in the Low Carbon Fuel Standard (LCFS) program so such an exemption should also be granted for RNG which is produced under the Cap-and-Invest

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program. Aligning Cap-and-Invest with SB 1440 procurement authority would therefore reinforce CARB's overall policy direction which is to leverage biomethane to reduce methane at the source while strategically deploying it where it provides the greatest long term decarbonization value for California.

Interconnection costs are another major barrier for in-state dairy projects trying to serve SB 1440 procurement. California interconnection costs average more than 2.6 times the cost of projects in other states, and the Biomethane Monetary Incentive Program (BMIP) has been an effective tool to lower customer costs because it was funded in part through gas utility allowance value. Even as the natural gas utility allowance allocation declines, CARB should be more prescriptive in directing that a portion of remaining gas utility allowance value be used to support RNG interconnections, including by explicitly directing the CPUC to use near-term allowance value for this purpose (or allowing rate basing of those interconnection costs).

Maas Energy Works strongly supports CARB's work to strengthen the Cap-and-Invest program and to keep California on track to meet its statutory climate targets. We believe this specific change is needed to avoid unintended consequences that would stall in-state dairy methane reduction projects and undermine SB 1440's biomethane procurement pathway.

Thank you for your consideration. We would welcome the chance to discuss this further with CARB staff.

Sincerely,

Dallas Spiecker
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