

RNG COALITION (Sam Wade)

Please see our letter attached.



VIA ELECTRONIC FILING

May 4, 2026

California Air Resources Board
1001 I Street
Sacramento, California 95814

Re: Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms

The Coalition for Renewable Natural Gas (RNG COALITION) is a California-based nonprofit organization representing and providing public policy advocacy and education for the Renewable Natural Gas (RNG) industry.¹ RNG COALITION respectfully submits these comments to the California Air Resources Board (CARB) in response to the April 14, 2026 changes to the *Proposed Amendments to the Regulation for the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms* (15-Day Package).

We appreciate CARB's attention to renewable gas topics in the 15-Day Package. RNG remains an important greenhouse gas (GHG) abatement strategy that can assist in meeting the goals in the Cap-and-Invest (C&I) Program. Holistic enhancement of incentives for RNG in the C&I Program has the potential to allow California to reach its near-term methane reduction and gas decarbonization goals.

We Support Changes to Section 95852.1 Clarifying Compliance Obligation for Biomass-Derived Fuels

For RNG projects to be properly incentivized, it is critical that both the carbon dioxide (CO₂) and methane (CH₄) benefits be properly recognized and that consistent accounting exist in C&I to align claims for these GHG reductions across all programmatic end uses. Section 95852.1 of the 15-Day Package includes modified text that improves program participants' ability to make proper statements around RNG use and ensures no double-counting of RNG biogenic CO₂ benefits within the C&I Program.

Manufacturing Decarbonization Incentive Allocation Framework Should Be Able to Pay the Full Premium for Renewable Fuels Above the Cost of Conventional Gas

We do not support the limit added to the Manufacturing Decarbonization Incentive (MDI) Allocation in the 15-Day package to cover only 50% of total fuel cost for purchases of biomass-derived fuel.

¹ For more information see: <http://www.rngcoalition.com/>



The Notice released with the 15-Day Package states that the 50% spending limit, “recognizes the cost premium for low-carbon fuels over fossil alternatives while not subsidizing baseline energy costs that the facility was already incurring.” However, imposing an arbitrary limit of 50% of the fuel cost is inappropriate as it is not directly tied to the cost premium for renewable fuel use.

The cost premium for renewable fuels is fuel dependent and fluctuates over time based on both the price of conventional fuels and the price of the renewable substitute. Arbitrarily limiting to 50% of total fuel costs does not guarantee that the facility will have sufficient incentive to purchase RNG (especially when conventional fuel prices are low) and may provide an overpayment for some biomass derived fuels that are already closer to price parity (especially when conventional fuel prices are high).²

The general MDI concept is sound—allocating a greater number of allowances to industrial actors to create a pool of value that can fund manufacturing decarbonization projects, including covering ongoing costs for procuring low-carbon fuels. However, an arbitrary “50% of fuel cost” cut point compounds the proposals other oversimplifications of biofuel issues and ignores the greater greenhouse gas reduction benefits of fuels like RNG.

We recommend that this limit be removed and that the MDI framework be structured to cover up to the full premium paid by industrial actors for the cost of renewable fuels above the cost of conventional fuels.

Phase Down of Natural Gas Utility Allocation Should Not Preclude Near-Term Use of Allowance Value for RNG Interconnection Incentives

We support better use of natural gas utility allowance value to promote interconnection of RNG facilities to the gas grid. The Legislature, CARB, and the California Public Utilities Commission (CPUC) all oversee allowance value given to natural gas utilities. The Biomethane Monetary Incentive Program (BMIP) has historically proven to be a helpful tool to lower the costs of RNG interconnection. The BMIP was funded, in part,³ through gas utility allowance value.

If the pool of gas utility allocation declines more rapidly (to transition support from gas utilities to electrical utilities), as described in Table 9-6A from the 15-Day Package rule text, CARB should still utilize a share of the remaining near-term natural gas utility value to support RNG deployment. The Draft Rule should be amended to explicitly direct the CPUC to use a portion of the near-term gas

² <https://www.gov.ca.gov/2025/10/02/governor-newsom-signs-bill-expanding-fuel-options-to-cut-gas-prices/>

³ <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/renewable-gas>



utility allowance value for this purpose. Alternatively, the state could allow utility rate basing of such interconnection costs.⁴

Providing support for RNG interconnection continues to be important for project developers and end-users, as interconnection costs in California average >2.6x that of projects in other states.⁵ The direct use of allowance value for RNG interconnection promotes in-state RNG production in line with California's climate goals in the waste and energy sectors. We urge CARB and CPUC to coordinate closely on this issue.

Other Remaining Issues Related to RNG

We raised the following issues in our opening comments on the 45-Day Package that remain unaddressed in the 15-Day Package:

- ***Align Reporting Between Cap-and-Invest and Low Carbon Fuel Standard Data:*** Much of the RNG used in California—including for natural gas vehicles and voluntary buyers—is not correctly recognized by the current C&I framework. The Program is likely overcounting fossil CO₂ from NGVs by more than a million metric tons CO₂ per year.
- ***The Program Should Allow Use of an Electronic Registry to Demonstrate RNG Environmental Attribute Ownership:*** California's agencies should move to harmonize reporting rules across programs and regional markets to ensure consistent GHG reduction and ownership claims associated with RNG. We continue to recommend one centralized electronic registry to address any possibility of double claims or double payments by compliance entities. The California Public Utilities Commission remains committed to using the Clean Counts system for tracking renewable gas volumes procured by California gas utilities.⁶ The system should also be used in the C&I program to standardize RNG tracking while eliminating concerns related to double counting, ensuring transparency in volume origination, and allowing integration with other programs and markets.

⁴ Assembly Bill 3187 (Grayson, 2018) required CPUC to consider allowing gas utilities to rate base the cost of RNG interconnection to core and non-core customers. However, seven years later, the CPUC has only recently begun exploring this topic. [Senate Bill 919](#) (Grayson, 2026), being discussed this year, may also help address either of these opportunities to lower interconnection costs.

⁵ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M584/K702/584702473.PDF>

⁶ <https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=605801938>



- ***Eliminate Unnecessary Complexity in Determining C&I RNG Eligibility:*** If CARB wants to eliminate administrative burden and unnecessary complexity related to RNG reporting, Section 95852.1.1 of the rule should be removed. If the unnecessary complexity in this section can be eliminated it is more likely that consumers of gas will explore RNG as a compliance option and CARB’s strategy to shift the RNG resource toward hard-to-electrify end uses over time is more likely to be achieved.
- ***Additional Offset Protocols Should be Added to Capture All RNG Methane Benefits:*** Offset protocols should be added to the C&I framework to quantify the benefits of organic waste digestion and enhanced landfill gas capture.

Conclusion

Renewable natural gas is a reliable, immediately available, and scalable decarbonization tool suitable for use in a wide variety of sources covered by the Cap-and-Invest program. California aligning incentives in C&I to fully recognize the benefits of RNG projects would strengthen its leadership in the clean energy transition while delivering climate, economic, and equity benefits statewide.

Sincerely,

/s/

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