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California Air Resources Board  
Clerks' Office, California Air Resources Board  
1001 I Street, Sacramento, California 95814

Delivered electronically: [\(15-day\) Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation](#)

**[ABC Comments: \(15 Day\) Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation](#)**

To whom it may concern,

The American Biogas Council (ABC) is pleased to submit the following comments to the California Air Resources Board (CARB) regarding the [\(15-day\) Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation](#).

As the voice of the U.S. biogas industry, representing over 400 member companies working to recycle organic waste into clean, locally made energy and fertilizer, ABC's mission is to maximize the economic and environmental benefits of biogas while advancing sustainable solutions for energy, agriculture, and waste management. ABC works to create the regulatory, policy, and economic conditions that catalyze development of new biogas systems—creating jobs, generating new revenue for farmers and communities, strengthening energy security, reducing emissions, increasing circularity, and enabling the growth and trade of low-carbon fuels in a global bioeconomy.

Thank you for your consideration of the comments herein. The ABC and its members welcome the opportunity to answer questions or provide clarification where needed.

Sincerely,

Alycia Tolman  
Director of Carbon Markets  
American Biogas Council

## Overview of feedback:

Thank you for the opportunity to provide comments on the proposed amendments to the California Cap on Greenhouse Gas Emissions and Market- Based Compliance Mechanisms Regulation. ABC supports MRR and Cap-and-Invest as an important element of the State's overarching climate change framework and generally supports the proposed amendments. However, ABC's comments herein seek to reinforce comments we submitted to CARB on March 9<sup>th</sup> and call attention to a few remaining concerns.

## Key Recommendations and Considerations:

The American Biogas Council (ABC) recommends the following adjustments to the proposed...

1. General support for the manufacturing decarbonization incentive concept but caution against arbitrary limits that are not tied to the cost of renewable fuel use
2. Support changes and clarifications to compliance obligations of biomass derived fuels
3. Encourage continued focus on low-carbon fuel incentives despite natural gas allocation phase out
4. Support for the use of an electronic registry
5. Reduced complexity of RNG eligibility determination to support decarbonization of hard-to-abate sectors
6. Ensure capture of full suite of RNG benefits through offset protocols
7. Preserve Near-Term Use of Gas Utility Allowance Value for RNG Interconnection

## Recommendations and Considerations

### 1. General support for the manufacturing decarbonization incentive concept but caution against arbitrary limits that are not tied to the cost of renewable fuel use

ABC supports the proposed amendments to add a manufacturing decarbonization incentive allocation to the program and specifically supports inclusion of biomethane as an eligible technology. As identified in the ISOR, the cost to decarbonize many industrial facilities remains higher than allowance prices under the program<sup>1</sup>. An additional allocation to support industrial decarbonization will help develop and deploy strategies needed to decarbonize these sectors, including biomethane projects, become economically viable and be deployed more rapidly to support California's environmental goals.

While ABC supports the overall MDI concept, ABC cautions against the proposed limitation that caps allocation to cover only 50% of the fuel cost for biomass-derived fuels. This proposed threshold appears arbitrary and is not directly tied to the actual cost of renewable fuel use. Furthermore, the justification provided for this limit – that the cap recognizes the cost premium for low-carbon fuels without subsidizing baseline energy costs – is not aligned with how renewable fuel markets function in practice. The cost of renewable fuels is variable and dependent on the prices of both conventional and renewable substitutes;

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<sup>1</sup> Page 175 of ISOR.

therefore, a fixed 50% cap may fail to provide sufficient incentive in cases where fossil fuel prices are low. Furthermore, a flat cap based on fuel cost fails to account for the varying GHG benefits across different pathways. By focusing only on cost, the proposed limit risks undermining the program's objective of maximizing GHG reductions. ABC therefore recommends removing the 50 percent cap and instead considering an approach that more directly reflects both market conditions and emissions reduction outcomes.

## **2. Clarifying Biomass Fuel Compliance, Strengthening RNG Incentives, and Improving Program Transparency and Effectiveness**

ABC supports CARB's proposed updates to Section 95852.1 to clarify the compliance obligations for biomass-derived fuels. Clear and consistent treatment of these fuels is critical to ensuring that regulated entities accurately account for emissions and can confidently invest in low-carbon alternatives. Improved clarity in this section will help reduce uncertainty and support broader development of biomass-derived fuels, including renewable natural gas, within the Cap-and-Invest program.

ABC emphasizes that the planned phase-out of natural gas allocations should not unintentionally limit or disincentivize the use of RNG or associated compliance instruments. RNG represents a key decarbonization pathway across sectors, including those hard-to-abate sectors, therefore continued recognition of its value within the program is essential.

ABC supports CARB's proposal to utilize an electronic registry for compliance instruments and tracking within the Cap-and-Invest program. A centralized and transparent registry system can improve market integrity, enhance traceability of environmental attributes, and provide stakeholders with greater confidence in program outcomes. Given the scale and complexity of the program, which distributes allowances and tracks compliance across numerous entities, transparency tools such as registries are essential to effective implementation.

At the same time, ABC encourages CARB to reduce unnecessary complexity in the determination of RNG eligibility and recommends reconsideration or removal of Section 95852.1.1. Streamlining eligibility criteria helps accelerate deployment of RNG in sectors where needed most and is consistent with the broader goals of the Cap-and-Invest Program to drive cost-effective emissions reductions.

Finally, ABC recommends that CARB expand and update offset protocols to more fully capture the climate benefits of RNG, including organic waste digestion and enhanced landfill gas systems. Existing offset frameworks may not fully account for the avoided methane emissions and broader lifecycle benefits associated with these project types. Enhancing offset protocols better aligns incentives with real-world emission reductions and supports increased investment in high-impact methane mitigation strategies.

### 3. Preserve Near-Term Use of Gas Utility Allowance Value for RNG Interconnection

ABC supports the continued use of natural gas utility allowance value to advance interconnection of RNG facilities to the gas grid. The Biomethane Monetary Incentive Program (BMIP)<sup>2</sup>, funded in part through gas utility allowance value, has proven to be an effective tool for lowering RNG interconnection costs. As the gas utility allocation phases down to transition support toward electric utilities, as explained under Table 9-6A in the 15-Day Package, CARB should ensure a share of the remaining near-term gas utility value continues to support RNG deployment. ABC, in coordination with our members, recommends the Draft Rule explicitly direct the CPUC to dedicate a portion of the near-term gas utility allowance value for this purpose or, alternatively, allow utility rate basing of interconnection costs.

#### **Conclusion:**

The ABC appreciates the opportunity to provide the comments herein and welcomes the opportunity for continued dialogue and are available to provide any additional information or clarification on the comments provided.

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<sup>2</sup> <https://www.cpuc.ca.gov/industries-and-topics/natural-gas/renewable-gas>