November 5th, 2019

Ms. Kathleen Theoharides
Chair Transportation & Climate Initiative of the Northeast and Mid-Atlantic States
Georgetown Climate Center
600 New Jersey Avenue, NW Washington, DC 20001

RE: TCI Framework for a Draft Regional Policy Proposal

Dear Secretary Theoharides,

The Coalition for Renewable Natural Gas (RNG Coalition)[1] offers this letter in strong support of the Transportation and Climate Initiative (TCI). We thank the TCI leadership for the information provided in the *Framework for a Draft Regional Policy Proposal* (Framework) document published in October of 2019.[2]

The Framework document reinforces the fact that a Cap-and-Invest (C&I) model has the potential to be a cornerstone policy capable of achieving a large portion of the TCI region's greenhouse gas (GHG) reduction targets. We were also pleased to see the Framework recognized the importance of complementary policies to achieving the program's environmental and equity goals—including the design of policies funded through reinvestment of revenue raised from the C&I program.

The importance of C&I and related complementary policies to facilitate deployment of Renewable Natural Gas (RNG) and other clean technologies cannot be overstated. We believe the Framework document moves TCI much closer to successful implementation of a modern, flexible, market-based program designed to promote a clean fuel future that will serve as a model for the rest of the world.

About the RNG Coalition and the RNG Industry

The RNG Coalition is the trade association for the RNG industry in the United States and Canada. Our diverse membership is comprised of leading companies across the RNG supply chain. Together we advocate for the sustainable development, deployment and utilization of RNG, so that present and future generations have access to domestic, renewable, clean fuel and energy in the TCI region and across North America.

The RNG industry is nascent relative to other renewables industries but has shown extraordinary growth recently that has been driven by policies designed to promote environmental and economic goals—including but not limited to clean air, improved waste management, increased job development, energy independence, and resource diversity. Most of the RNG projects developed since 2011 have been incentivized by transportation decarbonization programs, including the Renewable Fuel Standard Program (RFS) run by the United States Environmental Protection Agency's (US EPA) and California, Oregon and British Columbia's Low Carbon Fuel Standards (LCFS). These projects are largely

[1] http://www.rngcoalition.com/

[2] https://www.transportationandclimate.org/sites/default/files/TCI-Framework_10-01-2019.pdf

underwritten by the monetization of tradeable credits, such as Renewable Identification Numbers (RINs), that RNG-sourced transportation fuel generates under these programs.[3]

RNG Use Creates Significant Environmental and Economic Benefits

Despite the success of the existing programs promoting RNG in transportation described above, an opportunity for significant additional growth in RNG exists in the TCI region, which is why the Framework design represents such an important step forward. There remain thousands of landfills, wastewater treatment facilities and livestock operations across North America—including many in the TCI region—where raw biogas (methane) is being flared, or worse, is uncollected and escaping fugitively into the atmosphere as a short-lived climate pollutant that, according to the Intergovernmental Panel on Climate Change, is up to 84 times as potent a greenhouse gas as carbon dioxide.[4]

In addition to the environmental benefits of RNG, there are substantial economic benefits realized with increased development, deployment and utilization of RNG—including millions of dollars in capital investment ($10-$100 million per project) and creation of thousands of clean energy sector jobs (up to 173 direct and indirect jobs per project).[5] TCI has the potential to unlock this RNG opportunity for the region.

The Design of Complementary Policies, Including the Policies that Reinvest the Funds Raised by Cap-and-Invest, is Critical for RNG

We applaud the Framework for correctly recognizing the importance of complementary policies—including the policies that use the proceeds raised by the cap-and-invest program—to ensure program success. In California, significant reinvestment of the revenue raised by the Cap-and-Trade (CA C&T) Program have been successfully targeted to eliminate methane and promote RNG use.

For example, the California Department of Food and Agriculture's Dairy Digester Research and Development Program uses funds raised from CA C&T to provide financial assistance for the installation of dairy digesters in California, many of which are targeting transportation uses of the RNG created from such digesters.[6] The California Department of Resources Recycling and Recovery uses CA C&T funds to administer the Greenhouse Gas Reduction Grant and Loan Programs to provide financial incentives for capital investments in infrastructure for aerobic composting, anaerobic digestion and recycling and

---

[3] RNG has grown substantially thanks to the RFS program, making up over 95 percent of the lowest-GHG-emission cellulosic biofuel production category and generation of D3 RINs (given for fuels that create at least a 60% reduction in lifecycle greenhouse gases). https://www.epa.gov/renewable-fuel-standard-program/renewable-fuel-annual-standards

[4] Intergovernmental Panel on Climate Change Fifth Assessment Report estimate of the Global Warming Potential of methane over a 20-year time horizon. Myhre et al. *2013: Anthropogenic and Natural Radiative Forcing. In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*. https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf

[5] *Economic Impacts of Deploying Low NOx Trucks fueled by Renewable Natural Gas*, ICF, May 2017 https://static1.squarespace.com/static/53a09c47e4b050b5ad5bf4f5/t/59077544ebbd1ad192d13ff6/1493660998766/ICF_RNG+Jobs+Study_FINAL+with+infographic.pdf

[6] https://www.cdfa.ca.gov/oefi/ddrdp/

manufacturing facilities that will reduce greenhouse gas emissions from organic wastes.[7] Further, the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project program, run by the California Air Resources Board, uses funds raised by CA C&T to provide incentives for the purchase of truck and bus engines using RNG.[8] We believe similar programs could work well in TCI states and should be thought about concurrently with the development of the C&I program to fully evaluate and maximize the environmental, equity and economic benefits of the TCI program.

Conclusion

RNG and its associated methane reduction and waste cycle benefits should be a key focus in TCI discussions—especially when states begin to consider possible reinvestment options for C&I revenues. Given the strength of LCFS-like policies in promoting RNG use, we would also strongly support such complementary policies being developed either jointly in the TCI region, or by individual TCI member jurisdictions.[9]

The RNG Coalition would like to thank the TCI for the opportunity to provide comment on the Framework. We respectfully urge you to move forward swiftly with TCI model rule publication. Our members look forward to constructing RNG projects in the TCI region and contributing toward the success of the program's goals.

Sincerely,

Sam Wade
Director of State Regulatory Affairs
Coalition for Renewable Natural Gas
1017 L Street #513
Sacramento, CA 95814
530.219.3887
sam@rngcoalition.com

[7] https://www.calrecycle.ca.gov/climate/grantsloans

[8] https://www.californiahvip.org/low-nox-incentives/

[9] For example, both New York (Assembly Bill A5262A, Woerner) and Massachusetts (S.2130, Pacheco) have LCFS-legislation introduced.