

December 16, 2019

Office of Environmental Farming and Innovation
California Department of Food and Agriculture
1220 N Street
Sacramento, CA95814
Via email: cdfa.oefi_ddrdp_tech@cdfa.ca.gov

Re: The 2020 Dairy Digester Research and Development Program (DDRDP) – Draft for Public Comment: Request for Grant Applications

Dear OEFI Staff:

Thank you for the opportunity to comment on the draft Request for Grant Applications (RGA) pertaining to the 2020 DDRDP. We offer below our comments on what we strongly believe to be four critical elements in need of the CDFA staff's further consideration and redress regarding the proposed solicitation as currently envisioned in the draft RGA:

I. The draft RGA needs to include a “Dairy Digester Research and Development Program Demonstration Projects” component comparable to what was contained in the 2019 Dairy Digester Research and Development Program Demonstration Projects” final RGA (as released on December 28, 2018¹), albeit with further clarifications as recommended below in bullets “II through IV”).

We recognize that CDFA received a smaller allotment of Greenhouse Gas Reduction Funds (\$34 million) from the Budget Act of 2019 (Assembly Bill 74, Chapter 23) for its 2020 DDRDP competitive grant program than in previous years. Nonetheless, we believe it remains critical for the department to maintain a consistent focus on ensuring a reasonable and impactful portion of these dollars to be available for pilot and demonstration projects for promising next-generation innovative fuels. California's aggressive GHG reduction goals, now focused by Governor Newsom on creating a carbon-neutral economy in the state by 2045, creates an urgency that all state programs invested with the responsibility to contribute to those ambitious goals must also continue to seek improved technologies that can be developed and deployed to further assist California's progress moving forward.

II. The terminology used to describe any demonstration project program component included in the RGA for the 2020 DDRDP needs to be clarified on the title page and throughout the body of the RGA, i.e. that this program pertains to “pilot (emphasis ours) and demonstration projects,” as the term, “demonstration projects,” in and of itself, could be misconstrued to imply a specific technology readiness level.

¹https://www.cdfa.ca.gov/oefi/ddrdp/docs/2019DDRDP_Demo_RGAfinal.pdf

We support focusing this solicitation on near-commercial, field-ready projects, not in-lab, bench-top experiments. However, any terminology used on the title page and throughout the RGA to incorporate what we are suggesting should be clarified to state, “pilot and demonstration projects” so as to not imply a specific technology readiness level.

III. A minimum of \$2 million from the \$34 million in GGRF available for the 2020 DDRDP solicitation for “commercially-available technologies” should be made available for the “pilot and demonstration projects” solicitation. Additionally, an equivalent maximum dollar award amount for awardees under the “pilot and demonstration projects” solicitation should be set on par with the maximum dollar amount that can be awarded to a project under the “commercially-available technologies” solicitation.

Pilot and demonstration projects can be costly due to the scaling and building of first-of-its-kind projects and the smaller scale on which products are produced. This is critical to providing pathways to commercial products. Therefore, we believe the funding level for these projects should be on par, if not greater than, what is contemplated by the draft RGA for the DDRDP “commercially-available technologies” funding levels.

IV. CDFA should ensure that there exists a direct nexus between the successful completion of an eligible “demonstration or pilot project” awarded DDRDP funding and the scope of what CDFA determines to be a “commercially-available technology” eligible for funding under the 2020 DDRDP RGA.

Including a solicitation component within the 2020 DDRDP RGA for “Pilot and Demonstration Projects” would afford CDFA the opportunity to evaluate the real-world performance of innovative technologies on working dairy farms, which, in turn, can offer these farms the opportunity to further reduce their emissions footprints, while creating additional revenue streams for them. As such, we believe it is important to also ensure that a direct nexus exists between the successful completion of a project deemed eligible under any relevant CDFA “pilot or demonstration project” grant solicitation program and the scope of what CDFA determines as an eligible “commercially-available technology” for purposes of the 2020 DDRDP and beyond.

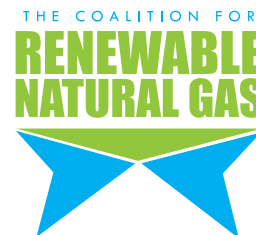
In conclusion, thank you again for your thoughtful consideration of our above comments.

If you or Director Ross have any questions, please do not hesitate to reach out to me directly, and I will ensure a prompt reply.

Sincerely,

A handwritten signature in blue ink that reads "Rebecca Boudreaux".

Rebecca Boudreaux, Ph.D.
President, Oberon Fuels
rebecca@oberonfuels.com



December 20, 2019

California Department of Food and Agriculture
1220 N Street
Sacramento, California, U.S.A. 95814

RE: 2020 Dairy Digester Research and Development Program Draft Request for Grant Applications

To Whom It May Concern:

The Coalition for Renewable Natural Gas (RNG Coalition)¹ offers this letter in response to the Draft 2020 Dairy Digester Research and Development Program (DDRDP) Request for Grant Applications (Draft RGAs) published by the California Department of Food and Agriculture's (CDFA).

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 more than two hundred leading entities across the RNG supply chain, including waste collection, recycling and waste management companies, renewable energy project developers, engineers, financiers, investors, organized labor, manufacturers, technology and service providers, gas and power marketers, gas and power transporters, transportation fleets, fueling stations, law firms, environmental advocates, research organizations, municipalities, universities and utilities. 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 California and across North America.

Currently our organization focuses on RNG derived from biologic wastes (sometimes called biomethane or biogas that has been upgraded to meet pipeline or transportation specifications). RNG is a direct substitute for conventional natural gas that can be introduced to the gas system in significant volumes safely and quickly. This type of renewable gas deserves significant near-term attention because the primary method of generating biomethane—anaerobic digestion (AD)—is a well-proven cost-effective renewable technology available at commercial scale. Recently the DDRDP program has been one of the strongest drivers of RNG development in California and we applaud CDFA's continued leadership on this issue.

We Strongly Support the Addition of Points Awarded to New Developers

We strongly support the addition of five points for New Submitting Organizations in the scoring criteria of the Draft RGAs. Many of the project developers in our organization that have not yet built projects in California or applied for DDRDP funds are interested in doing so in this round of the program but remain uncertain due to their lack of familiarity with the process. Automatically receiving these five points is a helpful incentive for new firms to enter the program. These points at least partially counter the inherent advantage incumbent firms have in the process (e.g., if a firm has already prepared many successful grant applications they can easily draw from these when submitting new applications).

¹ <http://www.rngcoalition.com/>

However, while it is useful to encourage new developers to enter the program, it is also useful to ensure that all developers (both those new to the process and experienced participants) complete their projects in a timely fashion once DDRDP funds are awarded. Therefore, the proposed five points should also be made available to any developer that has a proven track record of completing prior project in the original timespan published with prior RGAs. We suggest the following language be added to the detailed scoring criteria on page 36 of the Draft RGA:

*The project involves a new Submitting Organization (i.e., dairy digester developer) who has not previously been awarded through the DDRDP, **or a dairy digester developer that has successfully completed a DDRDP project within 21 months of grant contract execution (1 point per completed project, maximum of 5)***

We believe such a change would ensure that both new and existing developers have an incentive in achieving the DDRDP's ultimate goal of promoting completed and well-functioning RNG projects.

Past Performance Should Also Be Given More Attention During Scoring Committee Review

Following the same logic, we believe past performance should be given more attention during the scoring committee review process. We suggest the following language be added on page 20:

*CDFA **must** ~~may~~ assess applicants' past grant performance in determining if a new project will receive funding, **and CDFA will modify awards according to past performance after scoring committee review.** Prior performance will include timely completion of projects with **minimal need for extensions** and submission of all required documentation and data during and after project completion.*

Conclusion

The RNG Coalition appreciates the opportunity to participate and provide comment in this proceeding. Our members look forward to investing in and constructing methane capturing RNG production facilities in California. We thank CDFA for their leadership on DDRDP. This program remains an example for policymakers across North America interested in leveraging methane streams from agricultural waste projects to produce RNG.

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

From: stephen@maasenergy.com
Sent: Monday, December 23, 2019 9:17 AM
To: CDFA OEFI Dairy Digester Research and Development Program Grant Solicitation@CDFA
Cc: 'Alex Ro'; 'Daryl Maas'
Subject: CDFA - DDRDP Draft Solicitation Documents - Comments #1

DDRDP Team,

Below is our first set of comments in regards to the Draft DDRDP Solicitation:

The instructions now call for 12 point Ariel Font instead of 11 point Times New Roman font. This change appears to reduce the total words allowed in the application by 20% or more. We are happy to format our applications however CDFA staff would prefer. However, the general trend in the application process has been to ask for more information, with much of the feedback stating that more detail or explanation should have been provided. Writers can make the application shorter, or provide more information, but likely not both.

Thank you for your consideration.

Stephen Hatley | Chief Financial Officer
[Maas Energy Works, Inc.](#) | 512.618.2987

From: stephen@maasenergy.com
To: [CDFA OEFI Dairy Digester Research and Development Program Grant Solicitation@CDFA](mailto:CDFA_OEFI_Dairy_Digester_Research_and_Development_Program_Grant_Solicitation@CDFA)
Cc: "Alex Ro"; "Daryl Maas"
Subject: CDFA - DDRDP Draft Solicitation Documents - Comments #2
Date: Monday, December 23, 2019 9:17:35 AM

DDRDP Team,

Below is our second set of comments in regards to the Draft DDRDP Solicitation:

The most significant change in the 2020 DDRDP draft RFA is the addition of 5 bonus points for New Submitting Organizations. While it may be useful to encourage new developers to enter the program, it is even more useful to ensure that all developers (new or existing) complete their projects once DDRDP funds are awarded. The real question is not how many parties receive DDRDP funds, but whether the developers that are funded succeed in deploying these funds to meet the program's goals. If an awarded company does not meet the program's goals, then the program should act to ensure that other developers receive funding going forward. To that end, we note that per the [DDRDP Project-Level Data of Executed and Funded Grant Projects](#) update published on the CDFA website, other than projects awarded to Maas Energy Works-developed digesters, the DDRDP awarded 32 grants in the 2017 and 2018 rounds. 0 out of 32 of these have been completed, and over half are listed as less than 10% complete. We suggest that the priority of the DDRDP should not just be in finding new awardees simply because they are new but rather ensuring that awarded funds translate into completed projects—whether by new or existing developers. One mechanism for doing this would be to award bonus points to any developer that completes a project in the original time span published with the RFA--generally about 18-21 months after contracts are signed. We suggest the following language be added to the detailed scoring criteria on page 36:

"The project involves a new Submitting Organization (i.e., dairy digester developer) who has not previously been awarded through the DDRDP, or a dairy digester developer that has successfully completed a DDRDP project within 21 months of grant contract execution (1 point per project, maximum of 5)"

Without this change to the New Submitting Organizations proposed language, all existing developers will be unfairly disadvantaged by all new developers with no regard for past performance. Thus, the result could be that less capable new developers replace more capable existing developers, for no reason other than that they are "new." This shift would do nothing to achieve the DDRDP's goals and could actually inhibit staff's ability to select reliable developers.

On the other hand, the proposed modifications above will award bonus points to new developers and existing developers that have shown they can meet the timelines in the RFA. This bonus scoring ensures that all new and existing developers have an incentive to meet the goals of the state and the obligations of the dairy industry.

Thank you for your consideration.

Stephen Hatley | Chief Financial Officer
[Maas Energy Works, Inc.](#) | 512.618.2987

From: stephen@maasenergy.com
To: CDFA OEFI Dairy Digester Research and Development Program Grant Solicitation@CDFA
Cc: "Daryl Maas"; "Alex Ro"
Subject: CDFA - DDRDP Draft Solicitation Documents - Comments #3
Date: Monday, December 23, 2019 9:18:44 AM

DDRDP Team,

Below is our third set of comments in regards to the Draft DDRDP Solicitation:

Since 2018, the RFA has included the following language each year:

"CDFA may assess applicants' past grant performance in determining if a new project will receive funding. Prior performance will include timely completion of projects and submission of all required documentation and data during and after project completion."

This language was added to give CDFA staff the authority to award grants based on prior performance. Given the results of the 2019 RFA, the DDRDP selection process does not appear to make use of this assessment when determining if a new project will receive funding. For example, one developer has required extensions beyond the published RFA deadline on 100% of its grant awards so far. Nonetheless, in 2019 said developer achieved a [100% award rate on its 24 DDRDP pipeline injection applications](#), which will now be added to [32 other unfinished similar DDRDP projects](#) awarded to the same developer. Whatever the merits of this decision, it was not based on "past performance" showing "timely completion of projects."

Based on DDRDP's [responses to comments](#), it appears no information on past performance was communicated to the scoring committee and it further appears that CDFA does not make any distinctions in performance between projects that go online by the published deadlines and those that require extensions and/or remain uncompleted. Both appear effectively to be treated as "timely" when reviewing performance under the program. To give CDFA staff the clear guidance they need to ensure accountability, we suggest the language be modified to make this review mandatory and meaningful, as proposed below:

"CDFA will assess applicants' past grant performance in determining if a new project will receive funding, and CDFA will modify awards according to past performance after scoring committee review. Prior performance will include timely completion of projects with minimal need for extensions and submission of all required documentation and data during and after project completion."

We appreciate the opportunity to participate in these valuable programs & thank you for the attention to this matter.

Stephen Hatley | Chief Financial Officer
[Maas Energy Works, Inc.](#) | 512.618.2987



December 23, 2019

California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814
Cdfa.oefi_ddrdp_tech@cdfa.ca.gov

RE: Comments regarding 2020 Dairy Digester Research and Development Program

To whom it may concern:

Thank you for requesting comments regarding the 2020 Dairy Digester Research and Development Program.

Momentum (www.buildmomentum.io) supports our clients in the design, development and deployment of advanced energy and transportation technologies. We work to leverage public and private investment to accelerate zero emission technologies while supporting job creation and economic development in communities throughout California. Since 2004, our team has helped deploy more than \$5 billion in projects, including microgrid, on- and off-road port vehicles, zero emission fleets, and 36 bioenergy projects. Our clients and partners include more than 300 original equipment manufacturers (OEMs), technology developers, Fortune 500 companies, and technology customers including many of California's seaports and airports, national labs, and universities.

That said, we are concerned that many common best practices for the administration and management of CDFA grant programs still have not been developed or implemented. These protocols, similar to what grantseeking organizations are familiar with at California Energy Commission, CalRecycle and other state agencies, assures that the process of soliciting applicants, selecting awardees, and administering and managing awarded funds is **undertaken in a manner that is highly transparent and instills confidence in the integrity and fairness of the process**. As we have previously communicated to you, we do not have that confidence.

With that in mind, we are once again recommending that prior to the release of the 2020 solicitation that **CDFA undertake an internal audit of the DDRDP grant program** to assess the adoption of best practices and protocols that have been put in place at other GGRF granting agencies.

Consistent with the above, we specifically recommend:

- 1. Past Performance.** We register serious concern that the current draft RFP, as with previous CDFA DDRDP RFPs, still does not include a scoring mechanism associated with an applicants' past performance. Despite the numerous concerns



filed in writing with CDFA about this issue, there remains no requirement for an applicant to discuss issues with its performance, nor is there any score associated with past performance. While we appreciate the nod to the important of this issue – “CDFA may assess applicants’ past grant performance in determining if a new project will receive funding,” we assert that CDFA should publish rigorous scoring criteria associated with past performance on CDFA-funded projects, and we are curious as to the agency’s resistance to this basic best practice exercised by other state agencies.

Scant attention is given in the current draft application to the ability of an applicant to demonstrate staff resources, technical expertise, project development history and experience to complete the project. We note that the current solicitation only includes a single question (of 14) addressing organizational qualifications in a section worth 20 points.

All other California public agencies score past performance as a primary criteria for awarding of GGRF funds. We refer CDFA to California Energy Commission’s most recent GFO 19-303 (page 31) as a model for evaluating and scoring past performance on an agency contract.

Scoring Criteria	Maximum Points
1. Project Team <u>Past Performance</u> with Energy Commission The applicant—defined as at least one of the following: the business, principal investigator, or lead individual acting on behalf of themselves—received funds from the Energy Commission (e.g., contract, grant, or loan) and entered into an agreement(s) with the Commission through which the following performance was demonstrated: Severe performance issues (0-5 points): Severe performance issues are characterized by significant negative outcomes, which may include significant deviation from agreement requirements, termination with cause, and/or severe negative audit findings. Moderate performance issues (6-12 points): Moderate performance issues are characterized by noncompliance with agreement requirements, frequent poor performance and conduct, and/or the issuance of moderate audit findings. No/minor performance issues (13-15 points): No/minor performance issues are characterized by compliance with agreement requirements while demonstrating no/minor performance issues, or the applicant has not received funds from the Energy Commission (e.g., contract, grant, or loan) through an agreement with the Energy Commission.	15

Figure 1. California Energy Commission, similar to other state agencies administering GGRF funds, places significant importance on the past performance of a project team.

In addition, the Administrative Review Team and the Financial Review Team should be notified as to when an existing applicant has been unable to meet the timelines associated with previous work plans funded by the DDRDP program. It is simply beyond comprehension that an awardee can serially request contract extensions and contract changes that undermine the seriousness and merits of their original application without that information being communicated to reviewers.

- 2. Terms and Conditions.** We request that the application be amended to include a standard Terms and Conditions contract.
- 3. Post Contract Changes to Scope and Timeline.** The application should describe to applicants the process that a successful awardee will need to utilize in order to request contract extensions and changes to approved budget and work plans. Currently, only existing awardees understand that there is an internal process for contract extension and changes, while new applicants provide work plans and budgets based on an understanding that the time available for project implementation is unyielding. This knowledge creates a significant competitive advantage to existing awardees.



4. **Project Readiness.** The “Project Readiness” section should include a realistic and serious evaluation of an applicant’s ability to execute the project in the time frame required by the solicitation and proposed in the work plan, based upon prior history and experience developing similar projects.
5. **Cost Share.** It should be confirmed that Applicants providing cost-share are able to provide proof of private cost share at the time of application. Confirmation of this cost share should be made directly with the bank or financing authority as part of the financial review process.
6. **Cost Effectiveness.** The “Estimated Greenhouse Gas Emission Reductions” section should be expanded to include an evaluation of GHG reduction per dollar per total project budget. Currently, there are project developers whose total project cost is 50%+ more expensive than competitors (\$/GHG reduction) but are able to diminish the impact of these costs by securing additional public funds rather than by enhancing efficient or competitive business models.
7. **Source of Public Cost Share.** When Applicants are utilizing cost share provided by other public funds, applicants should detail the source of those funds and should be prohibited from declaring the same GHG benefits to multiple agencies and public funds. Failure to do so encourages double-counting of GHG benefits that should rightly be split amongst multiple agencies who are cost-sharing specific projects.
8. **Application Review Process.** The draft RFP fails to address issues raised in previous comments regarding CDFA’s irregular process around transparency of the grant evaluation and award process. The draft RFP should include the following:
 - a. Clear instructions to applicants as to the availability of an Application Debrief with the appropriate scoring team and CDFA personnel. This is standard best practice of other agencies.
 - b. All applicants should receive Score Sheets and Score Notes from the scoring teams. These should be available for their own applications as well as competitor applications. This is standard best practice of other agencies.
 - c. All applications should be available within 24 hours of the agency announcing awardees. This is standard best practice of other agencies.

In all cases, *Application Debriefs*, *Score Sheets* and *Score Notes*, and *Full Applications* should be made public PRIOR to the execution of agreements and contracts with proposed awardees.

9. **Confidentiality.** Applicants should not expect that projects funded with public funds are considered confidential. We recommend that CDFA allow applicants to



submit a confidential appendix relative to sensitive financial or personal information, which would allow the agency to immediately distribute applications and remain consistent with the Public Records Act. Currently, CDFA takes in excess of a year to produce what are ultimately heavily redacted applications that make evaluation of project assumptions and benefits impossible for members of the public. We believe that this is inconsistent with the best practices of other state agencies administering GGRF funds and in direct defiance of the intent of the Public Records Act.

10. Transparency. All contracts, requests for contract extensions or modifications, and major changes to budget and work plans should be noticed and available publicly. Other agencies administering GGRF funds generally submit awards and major contract changes in a publicly noticed meeting governed by California Public Meeting laws. Currently, no such public notice or review occurs for CDFA funding for contracts or major contract extensions.

We strongly support the goals and objectives of this program, as well as the designation of CDFA as administrator of GGRF monies. As our comments suggest, however, we are concerned that the manner in which these funds are currently managed is inconsistent with goals of transparency, and undermine the faith and confidence that all applicants should have in the integrity and neutrality of the process. We are concerned as well that the current process benefits previous awardees at the expense of new applicants that may have more robust business plans and technologies.

Thank you for your attention. We are hopeful and confident that CDFA receives these recommendations with the spirit of helpfulness and candor with which they were developed.

Please call with any questions or comments.

Shawn Garvey
Chief Executive Officer



December 23, 2019

California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814
Cdfa.oefi_ddrdp_tech@cdfa.ca.gov

RE: #2. Comments regarding 2020 Dairy Digester Research and Development Program

To whom it may concern:

11. Performance or Success Awards. Please communicate in the 2020 DDRDP RFP that payments to dairy farms and site hosts, either as a percentage or fixed fee, based on a successful CDFA grant award are not an authorized use of public funds.

Please call with any questions or comments.

Shawn Garvey
Chief Executive Officer

From: [Jones, Michael](#)
To: CDFA OEFI Dairy Digester Research and Development Program Grant Solicitation@CDFA
Subject: 2020 DDRDP draft RFA
Date: Tuesday, December 24, 2019 10:46:37 AM

The most important proposed change in the 2020 DDRDP draft RFA is the addition of 5 bonus points for New Submitting Organizations. While it may be useful to encourage new developers to enter the program, it is even more useful to ensure that all developers (new or existing) complete their projects once DDRDP funds are awarded. To that end, we note that per [DDRDP Project-Level Data of Executed and Funded Grant Projects](#) update published on the CDFA website, the DDRDP awarded 32 grants in the 2017 and 2018 rounds, and over half are listed as less than 10% complete. We suggest that the priority of the DDRDP should not be in finding new applicants, but rather in ensuring that grant awards translate into completed projects—whether by new or existing developers. The proposed bonus points should be made available to any developer that completes a project in the original time span published with the RFA—generally about 18-21 months after contracts are signed. We are in favor of the following language be added to the detailed scoring criteria on page 36.

*The project involves a new Submitting Organization (i.e., dairy digester developer) who has not previously been awarded through the DDRDP, **or a dairy digester developer that has successfully completed a DDRDP project within 21 months of grant contract execution (1 point per project, maximum of 5)***

Without this change to the New Submitting Organizations proposed language, all existing developers will be disadvantaged by all new developers with no regard to past performance. Thus the result could be that less capable new developers replace capable existing developers, for no reason other than that they are “new”.

Michael Jones
First Vice President
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December 24, 2019

Secretary Karen Ross
California Department of Food and Agriculture
1220 N Street
Sacramento, California 95814

Subject: CDFA Dairy Digester Grant Program Public Comments

Dear Secretary Ross,

Biogas Engineering has been positively impacted by the CDFA Dairy Digester gas grant program. We have been hired by a developer which is working on developing two cluster funded by this grant program. This has enabled Biogas Engineering, which is a California corporation to grow, which has created at least 2 jobs within our organization. So, we are a strong supporter of the program and sincerely thank the administration to continue to fund this program which is helping the California local economy.

Provided below are some of our comments to the current DDRDP draft RFA.

In the proposed 2020 DDRDP draft RFA there are addition of 5 bonus points for the organizations which are submitting new grant application. We encourage new developers to enter the program, however, it is equally important to access the progress of the developer which has been recipient of the grant as the sole purpose of the grant is to have more and more projects completed. If an organization which is receiving a grant is unable to execute the project in allowable time, they should not be able to receive additional funds/grants unless they have demonstrated satisfactory performance/milestone achievement on existing project.

Being a California corporation, it is our concern that the current market and LCFS program is attracting a lot of attention and new companies to this field, which is leading to a lot of new inexperienced companies/developers to enter the industry. While we welcome the change, we are gravely concerned that the sudden inrush of inexperienced developer, technology/solution provider could lead to unsuccessful project, which this young industry cannot afford to have. We want more successful projects which can lead to more investment in this field and create more jobs while achieving California's greenhouse gas reduction goal. Therefore, a consideration shall be given to how much of the grant money will be spent in creating a local California jobs or helping small business/minority business etc.

We propose that an applicant (existing) should be evaluated based on their performance on existing projects and based on how many permanent jobs they create in California. The new

developer should be evaluated (in addition to the existing criteria) based on how many permanent jobs they plan to create in California.

We believe that the priority of the DDRDP should not only be in finding new applicants, but also in ensuring that grant awards translate into completed projects—whether by new or existing developers. Additional bonus points should be made available to any developer that completes a project in the original time span and which creates local California jobs and assists small, minority owned, women owned business community. We suggest the following language be added to the detailed scoring criteria on page 36.

*The project involves a new Submitting Organization (i.e., dairy digester developer) who has not previously been awarded through the DDRDP, **or a dairy digester developer that has successfully completed a DDRDP project within 21 months of grant contract execution and created a permanent job in the state of California (1 point per project/job, maximum of 5)***

Without this change to the New Submitting Organizations proposed language, all existing developers will be disadvantaged by all new developers with no regard to past performance. Thus, the result could be that less capable new developers replace capable existing developers. This would be counterproductive in achieving the DDRDP's goals and could actually inhibit staff's ability to select reliable developers. The proposed modifications (above) will award new developers or existing developers that have shown they are meeting the timelines in the RFA-- thus ensuring that all new and existing developers have an incentive in achieving the DDRDP's true goal which is not number of developers, but rather timely achievement of GHG reductions to meet the goals of the state of and the obligations of the dairy industry while creating jobs in California.

If you have any questions regarding this letter, please feel free to contact me.

Sincerely,



Gautam Arora, PE
President

BIOGAS ENGINEERING

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TO: California Department of Food & Agriculture
cdfa.oefi_ddrdp_tech@cdfa.ca.gov
FROM: Andy Foster, President
DATE: December 24, 2019

RE: Draft 2020 Dairy Digester Research and Development Program RFA

On behalf of Aemetis Biogas LLC, thank you for accepting our comments regarding the draft 2020 Dairy Digester Research and Development Program (DDRDP). As you are aware, our company strongly supports the goals and objectives of this program, and has a long history of collaborating with the State of California to meet its ambitious climate change objectives.

As you are aware, Aemetis submitted extensive comments regarding the management of this program on September 19, 2019 and October 16, 2019. With the release of the latest draft 2020 RFP, we remain concerned about the agency's lack of commitment to reform or modification of a grant-making process that has lacked transparency, evenhandedness, and diversity. The lack of conformity to best practices deployed by other state agencies responsible for administering GGRF funds has undermined the viability of a robust, competitive dairy digester industry in California and negatively affected the perception that the process administered by CDFA is fair and transparent.

Our comments are as follows:

1. **FUND DOWN THE LIST.** CDFA received many applications in the 2019 RFP that were deemed "eligible-but-not-funded"—meaning that their score placed them as eligible for funding but because the RFP was oversubscribed, there were insufficient funds for those projects. As the CDFA RFP process is a distinctly elaborate and cumbersome one, the cost of a single submission in time and resources can easily exceed \$10,000 per application. With some 60 to 70 applications, CDFA burdens dairies and project developers with a cumulative cost of \$600,000 to \$700,000—resources we believe would be much better deployed on GHG reductions, rather than recrafting previously eligible submissions. We strongly affirm our previous request that CDFA "fund down the list" and utilize funds from the current fiscal year to backfill the dozens of projects that were scored eligible for funding. This action would immediately double the number of funded market participants and create a more diverse and robust market of developers and projects. This would also move at least two new clusters of dairy digesters forward quickly – without the substantial cost and burden of an entire additional year of solicitation.
2. **CDFA SHOULD SCORE PAST PERFORMANCE.** Despite our discussions regarding this issue, the RFP still does not include a scoring mechanism associated with an applicants' past performance on CDFA contracts. We request that CDFA develop rigorous scoring criteria associated with past performance on CDFA-funded projects, and we are concerned about the agency's resistance to this basic best practice exercised by other state agencies. The refusal to include past performance as a key scoring metric of project success has resulted in CDFA funding one developer with a cumulative completion rate of 28% for 2017 (as opposed to 89% for its competitor) and 4% of 2018 (compared to 25% for its competitor).



3. **ADOPT BEST PRACTICES FOR TRANSPARENCY.** We again urge CDFA to revise and reform its grant making process in order to ensure transparency and to conform to best practices adopted at other state agencies. The lack of procedures and protocols standard to other agencies administering Greenhouse Gas Reduction Fund (GGRF) monies undermines confidence amongst project developers, dairy owners, investors, and the public, that a fair process exists to allocate limited public financial resources to the development of dairy digesters. We reiterate our request that CDFA amend the draft RFP to include instructions on the following:
 - Clear protocols for applicants to request a debrief of their successful or unsuccessful applications;
 - Immediate availability of all applicant score sheets, evaluation materials, and applications concurrent with an announcement of proposed award;
 - Elimination of the CDFA-practice of allowing confidential information to be submitted with an application, and the practice of delaying access to applications while the agency redacts all data points associated with applications;
 - Clear published protocols for all contract approvals and, if requested, contract extensions, with public notice and explanation of any extensions granted;
 - Public review of projects proposed for award. Contrary to best practices at other agencies, GGRF funding is routinely entered into contract by CDFA without benefit of public review or public approval.
4. **PROJECT FINANCE.** Applicants should be scored on the certainty and proof of project financing. In 2019, one awardee was able to submit "a letter from a bank in which the bank stated that they are *close to finalizing* a \$50 million line of credit," demonstrating a lack of financial certainty that was significantly lower than other competitors whose financial package was 100 percent certain and verifiable. CDFA should require that all documents attesting to project finance are conclusive and committal, or significantly lower the score of an applicant unable to do so.
5. **USE OF STATE FUNDS.** The CDFA has awarded a single dairy digester project developer nearly \$100 million in public GGRF funds. As we have previously stated, this unprecedented funding of a single company, which has commissioned only 3 projects in 6 years, seriously distorts the competitiveness of the marketplace, allowing that company a dominant market position to the detriment of competitors who use public funds more sparingly as leverage to open access to private capital. To truly encourage developer diversity, CDFA must directly tie past performance to future allocation of grant awards.

We recognize that CDFA is committed to allowing "stacking" of multiple grant and incentive programs, however, we request that applicants are required to disclose the source of those other funding programs in their application. When applicants are utilizing cost share provided by other public funds, they should detail the source of those funds and should be prohibited from declaring the same GHG benefits to multiple agencies, distinct projects, and public funds. Failure to do so encourages double counting of GHG benefits that should rightly be split amongst multiple agencies who are cost-sharing distinct projects.
6. **APPROPRIATELY SCORE BENEFIT/COST.** CDFA reviewers should add a score element for GHG benefit/cost of a project using the full-cost of the project, rather than only the benefit/cost per dollar of the CDFA grant. Doing so will allow the agency to understand



the true financial costs and benefits associated with each dairy digester project.

7. **ENSURE THAT GHG BENEFITS ARE BEING REALIZED.** Applicant claims of achieving GHG benefits within a certain timeframe should be evaluated as a critical component of the scoring process. Because of a repeated failure to commission projects in a timely manner, GHG emission reductions claimed by project developers are not being realized, and place CDFA's DDRDP program risk of falling seriously behind meeting regulatory mandates on emissions from dairies. This has placed the program under undue scrutiny, and endangers the entire program for all participants. The DDRDP program is uniquely positioned to significantly reduce GHG emissions in a very timely manner; the program's future viability should not be tied to a single developer's ability or inability to perform and meet the requirements of the program.
8. **ENSURE GHG CALCULATION CONSISTENCY.** All applicants should be required to utilize the same quantification methodology titled "Greenhouse Gas Quantification Methodology for the California Department of Food and Agriculture Dairy Digester Research and Development Program" and associated "DDRDP Benefits Calculator Tool." It appears, however, from prior GHG review comments that one applicant was allowed to utilize its own custom-built methodology: "The CalBio model was used primarily, but it was compared to the DDRDP calculator. The models do differ some." (Page 276, Nyman Brothers Dairy Biogas). In order to ensure fairness and an "apples to apples" analysis of GHG reduction, CDFA must standardize on a single methodology for all applicants.
9. **ELIMINATE CONFIDENTIALITY.** Applicants should not expect that projects funded with public funds are considered confidential. Currently, CDFA takes in excess of one year to produce heavily redacted applications that make evaluation of project assumptions and benefits nearly impossible for members of the public or legislature. We believe that this is inconsistent with the best practices of other state agencies administering GGRF funds, and in direct opposition of the Public Records Act.



Helping dairies fuel a renewable future

324 S. Santa Fe, Suite A

Visalia, CA 93292

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December 24, 2019

California Department of Food and Agriculture
Dairy Digester Research & Development Program
1220 N Street
Sacramento, CA 95814

Re: CALBIO'S COMMENTS ON THE 2020 CDFA DDRDP REQUEST FOR GRANT APPLICATIONS

Dear DDRDP team:

California Bioenergy LLC (CalBio) would like to thank CDFA for the opportunity to submit comments on the DDRDP 2020 Request for Grant Applications (RGA). Please see our comments below:

I. Eligibility and Exclusions

Eligibility of Calf/Heifer Ranches

Consistent with previous CDFA grant solicitations, the draft RGA states that in order to be eligible, "projects must be located on a commercial California dairy operation" which is defined as "an entity that operates a dairy herd, which produces milk or cream commercially..." CDFA raised the question of whether calf/heifer ranches should be included in the 2020 round of grant funding. For instance, this was a topic raised at the meeting in Tulare County and verbal comments were made in support of this approach. However, more recently, CDFA responded to general comments on the DDRDP and AMMP Dairy Methane Reduction Programs stating that "CDFA will not expand eligibility criteria for the 2019-20 DDRDP funding to include heifer ranches due to reduced funding."

CalBio believes that the definition provided in CDFA's DDRDP solicitation limits the opportunity to significantly reduce methane emissions from the California dairy industry. Heifer ranches are an integral part of the California dairy industry and a source of dairy-related methane emissions. There has been a substantial trend in the dairy industry for dairies to outsource their young calves/heifers to be professionally managed in specialized heifer ranch operations. Many



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of these calf/heifer ranches flush their manure into large anaerobic lagoons similar to the practice at the dairies, resulting in methane emissions. All calves are eventually returned to their home dairies after about 5 months of being raised at the heifer facilities. These facilities are highly integrated with the dairy industry and the emissions would have occurred at the dairy if not for these specialized ranches focused on calf health and well-being.

Based on our discussions with heifer ranch owners and operators, they estimate that over 50% of California's calf population is raised at such facilities. By way of example, individual heifer facilities can house tens of thousands of animals (the equivalent amount of methane as a 2,500 to 5,000 freestall dairy farm) this means that many thousands of tons of methane can be reduced very cost-effectively using public grant funds if allowed to be eligible.

It is also important to note that SB1383 which seeks to reduce methane emissions by 40% by 2030 targets "livestock manure management operations" and "dairy manure management operations". Calf/heifer ranches fit into either of these categories.

Benefits of Calf/Heifer Ranches

There are several reasons why it is beneficial for dairies to outsource their younger animals to an offsite facility and why this has become a trend in the industry. Often with the day-to-day complexities of operating a dairy, it is difficult to also specialize in the care of young calves. A calf's life must begin in a clean environment where their health and well-being is prioritized. Outsourcing also provides an economic benefit for a dairy, since few can provide the level of care at a lower cost compared to a heifer ranch. Heifer ranches employ licensed veterinarians who are on-site daily to respond to any needs that may arise to keep calves comfortable and healthy. The animals' diet is also overseen by experienced nutritionists who outline a plan for wellness. Milk is often delivered from the dairies to the calf ranches to nourish the young animals. Heifer ranches help to ensure calves are attended to year-round by trained caretakers where the health and well-being of each and every calf on the ranch is the highest concern.

Anaerobic Baseline at Calf/Heifer Ranches

Lastly, it is important to note that there is an important distinction that must be made between a Heifer Ranch that operates as an extension of a dairy farm and a feeding lot which specializes in beef production. Beef cattle feedlots typically do not manage manure from these animals in anaerobic lagoons. Instead it is vacuumed and/or scraped and remains exposed to aerobic conditions. We agree with CDFA's intent to exclude these facilities from being eligible, since there is less methane currently being released into the atmosphere. However, we also believe calf ranches as an integral part of the dairy industry should be eligible.

Thank you for the time and consideration in reviewing these comments.



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559-667-9560*

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Craig". The signature is fluid and cursive, with the first name "Andrew" and last name "Craig" clearly distinguishable.

*Andrew Craig
Director of Greenhouse Gas Reduction Initiatives*

From: [Diana Macha](#)
To: CDFA OEFI Dairy Digester Research and Development Program Grant Solicitation@CDFA
Subject: DDRP Comment
Date: Tuesday, December 24, 2019 4:04:10 PM

Taxpayer dollars designated for the DDRP program should be utilized as effectively as possible. Why would we offer incentive points to give an advantage to new developers that will take years to get their programs off the ground. The awarding of Grants should be geared toward timely and cost effective completions of the digesters. The program funds should be used to that end and not in promoting new developers. If we have proven developers that are completing projects and ultimately bringing these dairies into compliance, then we should reward them, not disenfranchise them.

Thanks so much and have a great day!

Diana Macha | Business Development Manager | Layfield Geosynthetics

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