

**Responses to Comments Received on the CDFA Dairy Digester Research and Development Program
Comment Period: October 8, 2018 - November 5, 2018**

Category	Comment	Response
Allowable Costs and Matching Funds	In the text for the RGA, Allowed Costs includes pre-development activities conducted prior to the proposed project term that contributed to the project's "readiness." But the Unallowable Costs text states the that pre-development costs, including, but not limited to: permits, project designs, and any other activities that contributed to a project's readiness are not allowed. CDFA should clarify which costs are allowable.	In kind contributions and matching funds cannot be used for any activities prior to the proposed project term and to pre-development activities of any form.
	CDFA should Confirm that project funding from non-CDFA grant sources including funding the CPUC Order Instituting Rulemaking ("5 Pilots") and the CPUC's AB 2313 (50%) program is allowable as Match Costs provided there are no duplicated costs being allocated to more than one funding, reimbursing or grant agency, i.e. no double counting.	Non-CDFA grants can be used as matching funds for DDRDP awards, provided there are no duplicated costs being allocated to more than one funding, reimbursing or grant agency, i.e., no double counting.
Sustainable Groundwater Management Act (SGMA)	Pumping of water in San Joaquin Valley will be severely limited by SGMA. In addition, surface water is not available in some areas of the valley. Maps are being published to identify the "White Areas" where surface water is not available to supplement reductions in pumped water. Dairies located in "White Areas" as defined by the SGMA 2020 water implementation plan will likely need to stop or reduce cropping of feed and thus convert to scraping manure (not compatible with lagoon digesters) to remove excess nitrogen from the dairy, or shut down the dairy operation if a solution to SGMA is not available. CDFA should i) request applicants identify if they are located in a SGMA "White Area" and ii) if so submit an additional package authored by a SGMA engineer outlining their mitigation plan to show how they will sustain themselves over the ten year term of the DDRDP GHG reductions. Some significant portion of CDFA DRDDP grant application score should be deducted for dairies in "SGMA White Areas" that do not have a surface water solution identified.	CDFA may consider evaluation of this request in future. CDFA does not currently have resources and expertise to evaluate white area maps and mitigation plans.
PRA Requests	CDFA should explain how a Freedom of Information (FOIA) or Public Records Act (PRA) request for a copy of a grant application or an awarded grant would be handled.	CDFA is not required to notify a grant award recipient or applicant if their application was requested through a PRA or FOIA request but may do so as a courtesy. The confidential information included in the application is evaluated consistent with the guidelines provided in the Request for Grant Applications (RGA).
Biogas end-use	Production of dimethyl ether (DME) or hydrogen as end use transportation fuels from dairy digester biogas should be allowable end-uses.	DME and hydrogen gas have been added as eligible end-uses in the DDRDP RGA, Quantification Methodology and Calculator Tool.
Commercially available technologies	Expand the definition of "commercially-available technologies" to allow end-uses of biogas that are not currently deployed in California, such as hydrogen production, that are scientifically sound and well-researched.	Pre-commercial technologies that have the potential to reduce methane emissions on dairy operations can be potentially funded through the DDRDP Demonstration Projects.
	Clarify if CDFA interprets common proven process flows designs as being commercially available technologies in California, specifically: Continuous Stirred Tank Reactor, Up-flow Anaerobic sludge Blanket, Suspended Growth Treatment Reactors, or Fluidized Media Reactors.	Alternative digester designs are eligible if they are proven viable with dairy waste management. Applicants who apply with one of these technologies should select "Complete mix, plug flow, or fixed film digester" in Input 1 in the Benefits Calculator Tool. If proposed technologies are not commercially available in California, they may be eligible for funding under DDRDP Demonstration Projects.
Program timeline	The timeline for release of the final application materials should be delayed until January 2019 to consider the recommendations of the SB 1383 Dairy and Livestock Working Group.	Recommendations of the SB 1383 Dairy and Livestock Working Group were made on December 3, 2018. DDRDP Request for Grant Applications will be released on December 28, 2018.
Environmental Performance	Given dairy manure's documented contribution to water quality impacts, it is critical and urgent that the DDRDP include water quality as a factor in environmental co-benefits.	Co-benefits in the Benefits Calculator Tool were developed by UC Berkeley and CARB and were prioritized based on administering agency input and broad applicability to California Climate Investments Programs. All methodologies can be found at www.arb.ca.gov/cci-co-benefits . Water quality is currently included under the Environmental Performance section of the DDRDP application. CDFA will work with CARB in the future to evaluate the inclusion of these benefits in the Benefits Calculator.
	The issue of nutrient balance / nutrient exports be explicitly addressed in the program guidelines under "Environmental (Water and Air Quality) Protection" section, and the DDRDP application and review process should require a robust discussion and assessment of any excess nitrogen and reliable strategies to address that nitrogen in a way that is protective of water quality.	Information related to nutrient management is part of the Environmental Performance and Project Readiness sections of the DDRDP application.
	Clarify if there is a points preference for RCNG projects as indicated on page 31 under Environmental Performance.	There are no points preference specifically for RCNG projects; projects that do not result in environmental impacts, minimize and/or mitigate impacts may be scored higher than projects that do not.
	Strongly support to the addition of CDFA proposed changes to the grant program that allow new or pre-commercial technologies that provide benefits beyond GHG emission reduction, including nutrient removal and management. This allows technology installation to count toward matching funds for the project. Nutrient management technologies utilized on the back end of digester operations can provide significant additional water quality and environmental protection benefits as part of the project.	Thank you - comment of support.
Herd sizes	Many dairies are undertaking facility upgrades that include the addition of an anaerobic digester and may involve changes in herd	Projects are required to not change the herd size beyond their existing permits during the project term.

	<p>size. Dairy herd size is a local permitting issue that is best left to local agencies. For this reason, we would respectfully ask CDFA to remove this requirement. a project that is planning herd growth should be included since that project will actually result in even more methane reductions than it is being evaluated on. Similarly, to discourage a dairy from participating in the grant process and digester development would be counterproductive.</p> <p>It is also important to note that the California dairy industry is consolidating and moderately decreasing in size. A dairy herd consolidation by an applicant (permitted by all relevant agencies) should additionally be allowed to participate in the grant. A consolidation is different form a herd expansion in that it moves cows from an older, generally less efficient and more polluting (if an open lot) to a methane mitigation system but does not overall increase the herd numbers.</p>	
Eligibility of non-dairy, livestock operations in DDRDP	<p>Assembly Bill 109 provides Greenhouse Gas Reduction Funds to CDFA to fund early and extra methane emissions reductions from dairy and livestock operations. The definition provided in CDFA's DDRDP solicitation requires the livestock operation to commercially produce milk or cream to be eligible. Heifer ranches flush their manure into large anaerobic lagoons just like dairies do and like the dairies would do if the heifers were located on property. DDRDP should include heifer ranches as eligible since they can house tens of thousands of animals producing the equivalent methane emissions to an average dairy.</p>	<p>Heifer ranches are not eligible for DDRDP funding at this time. CDFA may consider including heifer ranches in future rounds of DDRDP funding.</p>
Community Outreach	<p>Page 15 of the draft RGA indicates that, "community outreach must have occurred a maximum of 12 months after the application submission deadline" and lists a date of "December 17, 2017". How does this affect prior outreach that may have been conducted by an applicant in a prior DDRDP process that was not selected for a grant?</p>	<p>If the outreach efforts are still up-to-date, are relevant and specific to the particular project proposed, and they were held at most 1 year since the release of the DDRDP RGA, then prior outreach may satisfy the application for the 2019 DDRDP.</p>
DDRDP Quantification Methodogy and Cobenefits Calculator Tool	<p>The time to comment on the DDRDP Quantification Methodology and Co-benefits Calculator Tool was insufficient.</p>	<p>CARB released the DDRDP Quantification on November 2, 2018 and the comment period closed November 16, 2018. A two week comment period is used for all California Climate Investment Programs.</p>
Local Use of Energy/Fuel	<p>Clarify the definition of what is "local" and what benefits there may be, in the context of local fuel/energy use.</p>	<p>In some cases, CARB's Quantification Methodologies describe approaches for quantifying local and remote emissions. For this version of the DDRDP Benefits Calculator Tool, local emissions occur on the dairy or as part of the biomethane upgrade process (e.g., stationary engines, turbines, vehicle emissions on the farm due to manure management, biogas destruction devices, etc). Remote emissions are those that take place off the dairy (e.g., offset electricity generation, offset diesel usage, etc.)</p>
Funding division	<p>Dairy operator interest in the program remains high and Dairy Cares supports another round of funding in the \$61 million to \$75 million range. The proposed program funding ranges have provided an effective way for CDFA to weigh program demand and the state's need to reduce dairy methane emissions consistent with state's ambitious reduction goals. We believe the proposed funding range strikes an appropriate balance between digester and non-digester strategies and provides appropriate flexibility and discretion to determine final funding allocations for each program.</p>	<p>Thank you - comment of support.</p>