



AGRICULTURAL WASTE SOLUTIONS, INC.

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February 14, 2017

California Department of Food and Agriculture
Dairy Digester Research and Development Program (DDRDP)

Subject: Comments from DDRDP Draft Request for Grant Applications (RGA)

To Whom It May Concern,

Agricultural Waste Solutions, Inc. (“AWS”), headquartered in Westlake Village, California, wishes to express our gratitude to CDFA for allowing for the opportunity of comments on DDRDP RGA February 14, 2017 and for inviting comments from stakeholders and the public. AWS works with California dairy farms to produce low carbon transportation fuels and carbon negative co-products that reduce GHG emissions and improve water quality while creating new profit centers from manure and other ag resources.

Please see below our comments from the DDRDP RGA documents and the February 6, 2017 webinar:

1. On page 7, under Program Requirements of the RFA DRAFT, it reads “Projects must use methane for energy production or transportation fuel.” Could commercially proven project technologies that are not anaerobic digestion, but do prevent methane from ever forming from the storage, processing and anaerobic decay of dairy manure feedstock (e.g. lagoons, solids storage, composting) by processing fresh manure directly into energy while lowering total GHGE from dairy farms and producing transportation fuel, be considered an eligible project?
2. We noticed through reading the RFA draft that there are not any stipulations of what must be done with the AD effluent and digestate solids. Research has shown that these AD effluent and digestate solids tend to go to compost or open pit lagoons which can create more methane and other GHGE from dairy farms. How would CDFA keep track of proper disposal of AD effluent and digestate solids so that the net goal of GHGE reductions is achieved?
3. We understand that the AMMP grant program will be separate but synergistic with the Dairy Digester (AD) program we are commenting on now. Could an AMMP technology be considered that supplements an existing AD installation to convert the AD effluent and digestate solids to energy and carbon negative soil amendments while substantially reducing total GHGE from the dairy farm as compared to the AD system alone?
4. On Page 10 under SB 859 Requirements, “...the applicant has demonstrated to CDFA that the applicant has done all of the following...” What has been listed for the applicant requirements under this section is immensely time and cost intensive. How are applicants expected to be “shovel ready” within 6 months of the execution of the grant agreement without any of the pre-development costs covered or latitude provided towards the due diligence needed to keep in-line of SB 859?

Sincerely,

Stephen McCorkle, CEO
Agricultural Waste Solutions, Inc.



February 14, 2017

Ms. Casey Walsh Cadey
Senior Environmental Scientist
California Department of Food and Agriculture
Sacramento, CA 95814

Re: Comments on Draft Guidelines for Dairy Digester Research and Development Program

Dear Ms. Cadey:

I am writing on behalf of the Bioenergy Association of California (BAC) to thank the California Department of Food and Agriculture for enabling the public to comment on the Draft Guidelines for the Dairy Digester grant program. BAC strongly supports this program, but urges CDFA to make one change to the guidelines that will increase the likelihood of the program's success and maximize its benefits. Specifically, BAC recommends including biogas conditioning costs to meet pipeline biogas costs if those costs cannot be rate-based.

BAC represents more than 60 public agency, private sector and local government members working to convert organic waste to energy. Our members work in the dairy and agriculture, urban, forest and wastewater sectors. They are building biogas projects for all end uses, including pipeline biogas injection, transportation fuel, electricity generation, combined heating and power, cooling and other purposes.

Biogas used for transportation fuel can provide the biggest climate and air quality benefits because it is replacing petroleum products. In fact, the climate benefit can be up to five times higher than when biogas is used for electricity generation where it is replacing natural gas or carbon neutral power. In most cases, converting dairy biogas to transportation fuel requires injecting it into a utility pipeline and the biogas cleanup (conditioning) costs to meet pipeline standards are significant.

While SB 1383 allows utilities to pass on the costs of interconnection for five pilot projects in the dairy sector, the language of SB 1383 is not clear about whether the costs of biogas conditioning for those projects can also be rate-based

(passed on to ratepayers). Unless the CPUC determines that SB 1383 allows the five dairy biogas pilot projects to rate-base the conditioning costs as well as interconnection, then we urge CDFA to allow biogas conditioning to meet pipeline standards as part of the eligible costs that can be included in a grant application. This will encourage dairy biogas projects to develop for pipeline injection, rather than onsite power generation, which will provide much greater climate and air quality benefits.

We would be happy to discuss this recommendation and thank you again for the opportunity to comment.

Best regards,

A handwritten signature in cursive script that reads "Julia A. Levin".

Julia A. Levin
Executive Director



California Bioenergy LLC
Comments and Questions Submitted to CDFA February 14, 2017

California Bioenergy LLC ("CalBio") greatly appreciate this opportunity to submit comments and questions to CDFA and Dairy Digester Research and Development Program team. CalBio also greatly appreciates that CDFA, ARB, and the State have made this program available.

Comments and Questions

1. It is important that CDFA provides clarity on how points will be awarded. This will enable applicants to make important decisions as they develop their grant applications.
 - A. GHG mitigation scoring: Are all projects compared to each other and the top project gets 35 points? In particular:
 - How are the three GHG metrics weighed relative to each other?
 - Based on the relative weighting of the three factors, is a weighted average number given per project?
 - Is the number an individual project receives then compared to all the others and does the top methane generating project receive 35 points?
 - If a project destroys 50 percent of the methane relative to the top scorer would it receive 50 percent of the points or 17.5? We strongly suggest this is the case, that the 35 points are awarded proportionate to the amount of GHGs destroyed.
 - B. SB 859 Requirements
 - Page 10, D, states, "A project funded by the Department of Food and Agriculture that results in localized impacts in disadvantaged communities shall not be considered to provide a benefit to disadvantaged communities for the purposes of Section 39713 of the Health and Safety Code."
 - Does this impact the "Benefits to Local Communities" 10 points? If so, are the 10 points reduced by an assessment of the magnitude of the localized impacts?

2. Proposed Changes/Clarification

We believe it is the goal of multiple parties, including ARB and CDFA, to encourage vehicle fuel projects via pipeline injection.

Under the heading "Unallowable Costs" on page 9, following the phrase, "the following costs are *not* allowed" it reads "Cost of pipeline interconnection or equipment for the sole purposes of processing biogas to pipeline standards associated with the five pilot projects required by **SB 1383, SEC. 4.**" (page 10)

We need absolute clarity that all costs for a gas clean up system are eligible for grant funding and/or count as match as long as SB 1383 doesn't cover them. Furthermore, it is highly unlikely

that 1383 will pay for gas clean up fees. If the legislation is to be interpreted more broadly than we expect, that would be tremendous, and in that case if the project were to receive SB 1383 funds it would not be eligible to receive CDFA funding. If a project were to receive a CDFA grant and later receive SB 1383 funding, we would suggest that the project would return to CDFA (or turndown SB 1383 funding) for the items potentially covered by both sources.

While it is highly unlikely that equipment of "the purpose of processing biogas to pipeline standards" will be covered, it is much more likely that the interconnection costs will be covered and the procedure outlined in the paragraph above should be followed. Also note, SB 1383 funding, if received, will likely apply to a group of projects in a cluster, with a portion assigned to each member project of the cluster.

Any other state funding or federal funding should apply as match as long as the funds for these other programs are not from GGRF monies.

3. Encourage new projects that would not otherwise be built

We suggest that match funding does not include cost incurred prior to the contracting of the CDFA grant. This policy would be consistent with other state grant policies such as the CEC's. This has likely been a means of limiting funding to projects that were dependent on the award. Projects that are already funded, if they were to receive CDFA funding, would not be producing incremental GHG reductions. The greatest impact would be reserving the CDFA-GGRF funding for new projects.

4. How will CDFA determine reasonableness of job creation claims?

- Similar technologies should employ similar number of people. High estimates would likely reflect lack of experience or exaggeration. Low estimates may reflect conservative modeling.
- Larger projects will employ more people, though jobs per grant dollar may prove a good metric.
- In addition, new jobs should be measured. If, for instance, the biogas is used in an existing facility, the operators of that facility are holding existing jobs.

5. NOx impacts should be evaluated in tiers and awarded points accordingly. (We are assuming all are destroying equal volumes of methane.)

- A. The highest should be awarded to a project that reduces NOx. This would be for:
- Dairy-biogas-to-fuel project with fleets that use low or near zero emission technologies, replacing higher NOx emitting diesel vehicles.
 - Projects that emit no NOx and displace NOx emitting energy sources. This, for instance, would be achieved by a fuel cell.
 - Projects that commit to use best commercial efforts to pursue either of these two above approaches, we would recommend qualifying even if the initial project deployment might require initial deployment of BACT electric generation. This may be the case to achieve project readiness or for projects awaiting implementation of SB 1383 provisions by ARB, such as the LCSF price stability program. This would help further these important initiatives.

- B. This next category would be for electricity projects that deploy BACT emission control systems but also
- Deploy absorption chiller and/or heat recovery systems that reduce the dairy's consumption of propane and/or fossil generated electricity and thus the associated NOx emissions from those sources.
 - Use technologies that are below BACT for an IC engine
 - Are developed by an operator, although permitted to operate at a level using BACT technology, has demonstrated prior experience operating at lower levels as evidenced by independent source test results on similar equipment.
- C. A separate category would be a project that continues the current level of NOx emissions. This, for instance, would be where a project replaces natural gas with dairy based natural gas in an existing boiler operation which emits NOx.
- D. The fourth category would be an electricity project operating at BACT that makes no provisions for further NOx reductions.

6. Project Viability

The dairy's soundness is critical for the project longevity. We suggest the CDFA request information on the year the dairy was built and information on the Water District and water rights. This will help determine if the project will be viable for ten more years and have water access. Many older facilities may phase out, sell the herd to other dairies, and convert the land to other crops. This would greatly decrease the effectiveness of CDFA-GGRF monies.

7. GHG related question: Planned and Permitted Herd Growth

The ARB model assumes dairy cow numbers remain constant. Per the instructions, the project applicant is to enter the number of cows based on averages from the prior 12 months. What if a dairy plans on expanding its herd and has already received the permits for the growth? In this case should the applicant use as the base case the full permitted level and explain this in the text? Since the project will be reducing this larger GHG total, and per the protocol will be receiving carbon credits based on this enlarged herd size, this seems to be an appropriate approach.

8. GHG related issue - cow housing

As separately stated in our submission on the GHG calculator, it is essential to make sure projects report the type of cow housing - for instance whether freestall or open lot corrals. Freestalls result in roughly a three-times increase in manure flowing into an existing lagoon and therefore a three-times increase in methane generation. The tool needs to make the entry of this information clear and mandatory.

9. GHG related issue - cow breed

As separately stated in our submission on the GHG calculator, it is important for accuracy to account for herd type (Holsteins, Jerseys) and their differing methane emissions.

10. Project Safety: H2S treatment System

A project should describe how biogas will be consistently treated to a safe level of H2S before use (NOTE: 10ppm is warning level, 40 ppm is Air District approved level, 60 ppm is LD50 death level, 2000 ppm is digester levels, deadly). All submitters should state if and how they are treating biogas to a safe level (10 ppm) before sending via local piping off site to a gas clean up system for use in a boiler, vehicle injection, or pipeline injection.

11. Replicability

It is important to achieving the State's long-term goals and mandates for dairy-manure methane reductions that these early grant-funded projects provide experience for future project development. There should be points deducted for projects that cannot be widely copied or points awarded to projects that can be replicated by many other dairies, building the foundation for the future.

12. Clarification

- On page 9 it reads, "Matching funds are defined as a portion of project costs not borne by the GGRF. Matching contributions include allowable costs (i.e., supplies and materials, equipment, and contractor/consultant fees, and other associated project costs) incurred that are directly related to the implementation of the digester."
- We presume digester is being used broadly - and match funding can be used on the energy generation systems (i.e., engines, gas clean up systems, fuel cells, etc.).

13. Clarification

- On page 5 it reads, "A group of dairy operations can submit one grant application to develop centralized dairy digesters, known as a 'cluster' or 'hub and spoke' project. The location of the centralized digester can be one determined appropriate by participating dairy operations."
- We presume that the dairy digesters may be located at the dairies (the spokes) and the biogas can be delivered to the centralized facility where it is cleaned up for pipeline injection, used in a boiler, or used in a central electricity facility.

14. Clarification

- On page 7, it reads, "Projects must either convert bio-methane to renewable electricity or fuel (i.e., renewable natural gas [RNG] or renewable compressed natural gas [RCNG]), to use on-site or inject into an existing pipeline, or for the utilization of useful thermal energy onsite or at a neighboring facility."
- We presume that RCNG could also be delivered to a neighboring facility, for instance a fueling station. Also, injection would be into the utility's system, though, as is often the case, a feeder pipeline will be built (either by the utility or the project), versus directly into "an existing pipeline," taking the methane to the existing pipeline.

From: Wayne Bishop [wayne.bishop@ch4energy.co]
Sent: Monday, February 13, 2017 5:50 PM
To: CDFA OEFI@CDFA
Subject: RE: DDRDP Questions

If an awardee is awarded grant funds and by the time the award is given and the developer is only eligible for something less than the original award due to the project advancing and the developer incurring un-reimbursable cost to advancing the project, can the awardee accept something less than the original award?

From: Wayne Bishop [<mailto:wayne.bishop@ch4energy.co>]
Sent: Friday, February 10, 2017 8:57 AM
To: 'cdfa.oefi@cdfa.ca.gov' <cdfa.oefi@cdfa.ca.gov>
Subject: DDRDP Questions


To whom it may concern:

1. Is the applicant is required to conduct local outreach and commit to mitigate impacts before or after being an awardee? I would assume this would be after a potential project has been notified that they are an awardee and that the awardee would then have to conduct community outreach and mitigation measures if need be after been notified but not before. Otherwise it will be raising concerns that may not be valid or justified. Please confirm? I can see CDFA not paying an awardee until community outreach and mitigation measures are complete. Please confirm?
2. The GHG tool does not recognize combining anaerobic digestion technologies together to reduce the GHG footprint from a project. How will this be addressed by CDFA and EPA?
3. Are CalRecycle funds for composting and AD along with CFDA eligible funds for dairy digester projects and are the two agencies collaborating on this?


Regards,
Wayne Bishop




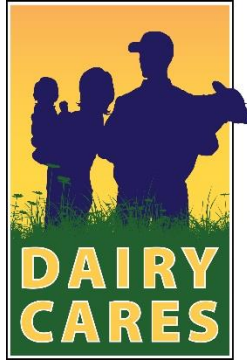
Wayne Bishop
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Via email to cdfa.oefi@cdfa.ca.gov

February 13, 2017

Amrith Gunasekara, Ph.D.
Manager, Office of Environmental Farming and Innovation
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Re: Comments on revised Dairy Digester Research and Development Program (DDRDP)

Dear Dr. Gunasekara:

On behalf of Dairy Cares, we are pleased to provide further comments on the California Department of Food and Agriculture's (CDFA's) revised proposals for the DDRDP. Dairy Cares is a coalition of California's dairy companies and associations, including the state's largest dairy producer trade associations and the largest milk processing companies and cooperatives. Formed in 2001, Dairy Cares is dedicated to promoting long-term environmental and economic sustainability for California family-owned dairy farms.

As previously stated in our December 2016 comment letter to you, the state has placed great pressure on the California dairy community to reduce manure methane emissions. DDRDP is the funding program for incentivizing manure methane reduction projects on dairies with proceeds from the state's cap-and-trade auctions (Greenhouse Gas Reduction Fund or GGRF), and it remains central to the success or failure of our efforts to promote voluntary, incentivized methane reduction across the state's dairies. For brevity, we incorporate by reference our previous comments, which summarized were:

- 1. Much more than the current funding level will be needed to accomplish the state's goals of a 40 percent reduction of manure methane from the dairy sector.**
- 2. The 20 percent set aside for (AMMPs) is appropriate, but should not be increased further this year.**

3. **CDFA should prepare a budget for administrative expenses.**
4. **Care should be taken to follow the spirit of the SB 859's requirement for outreach to disadvantaged communities without creating a burdensome, duplicative process.**
5. **Scoring criteria is over weighted to disadvantaged community benefits considerations and fails to consider preserving of existing dairy-related jobs.**

Comments on the revised draft Request for Grant Applications (Draft RGA)

We appreciate changes in the scoring criteria to further emphasize the importance of greenhouse gas (GHG) reporting and calculation. We also appreciate changes in the Draft RGA scoring criteria to clarify the types of benefits the project must identify, which include benefits to local communities and greater emphasis on the project's environmental performance. This is consistent with comments made by virtually all stakeholder groups, who emphasized the need to consider various dimensions of environmental performance, especially air pollution prevention, when considering these projects.

However, we are disappointed to see the Draft RGA's inclusion – without any explanation – of a basic and potentially significant change in the program intent and budget. The Draft RGA states that although Assembly Bill No. 1613 (2016) appropriated \$50 million from the Greenhouse Gas Reduction Fund (GGRF) to CDFA for early and extra methane emissions reductions from dairy and livestock operations, CDFA will (only) make “\$29 - \$36 million” available for the 2017 DDRDP.

This range of \$29 to \$36 million differs from CDFA's previously stated intent to provide at least \$36 million in funding for digesters. The unexplained inclusion of this new range suggests that CDFA is considering providing up to \$7 million less funding for digesters than previously proposed. The Draft RGA provides no explanation why or under what circumstances the department would grant this substantially lower amount, or indeed any reasoning for potentially slashing so much funding out of this program. Importantly, were only \$29 million provided, this would amount to cutting the 2017 funding for digesters *by another 20 percent*.

Dairy Cares previously expressed – and reiterates here – our concerns that non-digester methane reduction projects, identified by CDFA as Alternative Manure Management Practices (AMMPs) remain at an early stage of research and development. While it is extremely important to Dairy Cares member organizations that AMMPs be developed, and funded quickly and comprehensively, and made available to dairies soon as an alternative to digesters, we are concerned about the potential to fund more than a few demonstration projects in 2017, given that little is known about what would constitute viable AMMPs.

For this reason, Dairy Cares previously commented that CDFA's proposal to reserve even \$9 million for AMMPs presented a risk of delaying viable digester projects from going on line, and could have the effect of slowing progress. Although unused AMMP funding could later revert to

becoming available for digester projects if not used for AMMPs, this would result in unnecessary delays for several million dollars' worth of digester projects that are viable now. With the Draft RGA's statement that the AMMP budget is now planned to increase from \$9 million to between "\$9 and \$16 million," the uncertainty and potential delay increases exponentially. In fact, the Draft RGA includes no reasoning whatsoever to support why the budget for AMMPs would be increased by up to 78 percent. CDFA has not even developed guidelines for an AMMP program.

All of this sends yet another confusing message to the dairy industry and the digester development community, which has effectively been told several times to "hurry up and wait" to develop a viable network of dairy digesters.

We also note with disappointment that CDFA continues to reserve \$5 million for program administration, and has not provided a budget for how it plans to administer the program.

The result of these collective decisions is extremely concerning. The Draft RGA signals that as little 58 percent of the funding allocated by the Legislature will be available in 2017 for digester projects, even though these are the only types of projects that can be relied on to reduce manure methane emissions from dairies. Given the amount of progress that must be made every year for the next several years to reach the state's aggressive manure methane reduction targets, a decision by CDFA to slow down funding is mystifying.

Additional concerns regarding "unallowable costs"

Further, we are concerned about the Draft RGA's inclusion of the following language regarding "unallowable costs" (page 10):

- Costs associated with mitigation of potential adverse impacts outlined in the section below, SB 859 Requirements.
- Cost of pipeline interconnection or equipment for the sole purposes of processing biogas to pipeline standards associated with the five pilot projects required by SB 1383, SEC. 4.

Regarding the "costs associated with potential adverse projects," we note that many basic project components are designed to avoid adverse impacts. It is very important that project developers can identify exactly what is fundable, and what is not, when designing a project and budget. We would like CDFA to further clarify what types of costs are not covered, and provide reasoning for not covering those costs.

We are also very concerned about making pipeline interconnection or equipment for sole purposes of processing biogas to pipeline standards an unallowable cost. First, we don't know, and probably won't know what the "five pilot projects" are before this year's grant funding decisions are made. Second, it is our interpretation that gas cleanup and conditioning equipment may not be covered by SB 1383, Section 4 and therefore should be eligible for funding under the DDRDP. CDFA should adjust this limitation and can do so simply by stating that any equipment funded under the pilot projects program will not be eligible for the DDRDP funding.

Conclusion

We thank CDFA for its diligence in administering the DDRDP and understanding the need for the program to evolve to include alternatives other than digesters. We look forward to working with CDFA and your sister agencies to continue to develop research programs, incentive funding and to remove obstacles to implementing methane-reducing projects on California dairies.

Sincerely,

Michael Boccadoro



J.P. Cativiela



For Dairy Cares

C: Charles "Chuck" Ahlem, Dairy Cares Chairman
Lynne McBride, California Dairy Campaign
Kevin Abernathy, Milk Producers Council
Paul Sousa, Western United Dairymen



February 14, 2017

California Department of Food and Agriculture
1220 N Street
Sacramento, CA
95814

RE: Comments on the DRAFT 2017 Dairy Digester Research and Development Program Request for Grant Applications

To the Department of Food and Agriculture:

We would like to once again thank you for the opportunity to provide comments on the scoring criteria and application guidelines for CDFA's Draft RGA for the Dairy Digester Research and Development Program ("Draft RGA" or "guidelines"). As groups working alongside the most disadvantaged communities in the San Joaquin Valley, we feel that it is critical for the state to create sustainable solutions for communities that are burdened the most by climate change and poor air quality.

In a letter we submitted to CDFA on December 15th, 2016 (attached electronically hereto), we described ways in which applicants can comply with the funding requirements included in Senate Bill 859, and specifically Section 6 of that legislation. We appreciate the inclusion of our outreach recommendations in the "Benefits to Local Communities" component in the Scoring Criteria. We are also pleased to see that this component does not include points for a project "located within" a disadvantaged community.

We would also like to highlight various suggestions we outlined in the same correspondence that were not included in this DRAFT RGA. Firstly, we reiterate the suggestion that the guidelines include language that requires applicants to distinguish between jobs that would be created as a result of a project and jobs that currently exist at the dairy itself. We'd also like to highlight the need for the Draft RGA to include stronger language requiring that the number of jobs created as a result of a dairy digester is significant given the socioeconomic conditions of the nearby community.

The program guidelines must include stronger requirements for applicants to demonstrate their commitment to mitigate impacts. In the aforementioned letter, we recommended that applicants be required to show long-term *and* short-term plans for mitigation, and we emphasized our concern that mitigation measures undertaken may simply be counted as a net benefit to a community. Measures must be implemented to ensure that these mitigation

measures are being planned for and considered as separate from environmental benefits. Additionally, community meetings must also include as a topic of discussion potential mitigation measures to adverse impacts.

We also reiterate the need for an analysis of adverse impacts to demonstrate how methane reductions will continue beyond the 20-year life of the digester, and specifically the ways in which the dairy will continue methane reductions. The analysis must also assess the extent to which a project's byproducts reduce greenhouse gas benefits.

While we do appreciate the inclusion of our recommendations on community engagement in the guidelines, we feel that CDFA can provide applicants with more guidance on conducting robust outreach. We would be happy to work with CDFA to develop more specific guidance on outreach strategies.

Sincerely,

Nikita Daryanani
Leadership Counsel for Justice and Accountability

Kevin Hamilton
Central California Asthma Collaborative
Medical Advocates for Healthy Air

Brent Newell
Center on Race, Poverty, & the Environment

Dolores Weller
Central Valley Air Quality Coalition

Gary Lasky
Sierra Club Tehipite Chapter

February 14, 2017

Casey Walsh Cady and Geetika Joshi
Office of Environmental Farming and Innovation
California Department of Food & Agriculture
1220 N Street
Sacramento, CA 95814

Re: Dairy Digester Research and Development Program – Written Comments for 2016-2017 Draft RGA

Dear Casey and Geetika,

Thank you for giving us the opportunity to provide written comments and feedback on the proposed draft of the 2016-2017 DDRDP Request for Grant Applications. Maas Energy Works would like to make the following comments and recommendations:

1. **Project Readiness – “Does the facility have a Power Purchase agreement? Select Yes or No” (pg 16) -** Many DDRDP participants will be applying to sell power under the Bioenergy Market Adjusting Tariff (BioMAT). Under this tariff, projects that have completed their interconnection studies and performed several other application steps are offered a PPA every 60 days. However, since the price adjusts every 60 days, many projects will decline the PPA offer until the project is ready to go online. As such, we suggest the “Yes” response to this question ask for a copy of the PPA, OR a copy of the most recent BioMAT offer since this contractual offer can be executed to become a PPA.
2. **Note on “Project Partners must not have filed for bankruptcy in the past five years” (pg 27) -** The current RGA language requires project partners to state whether they have filed for bankruptcy in the past 5 years. Since most projects are developed using special purposes LLCs or other business entities, no project partners will likely ever have filed for bankruptcy—at least not in their current name. However, it is important for the DDRDP staff to know the performance history of the proposed team. So, we suggest a broader questionnaire that asks whether the named principals (humans) on the project have ever developed, owned, operated, or been affiliated with a digester that was shut down for a period of at least 6 months, or that declared bankruptcy—and then ask for project dates, names, and locations. A “yes” answer would not necessarily prohibit an applicant from participating since certainly companies with long, successful track records may also have difficulties. However, a full disclosure of project histories (instead of just highlighted successes) will give the DDRDP staff a fuller view of the applicant in question, and the industry risks and models in general.

3. **Multiple Project Technologies** – The current draft of the Request for Grant Applications does not address how projects will be scored if they propose multiple project technologies, which may or may not be phased in or selected. Since the project scoring is highly dependent on how the benefits of a specific technology is scored, this is a very important issue. The lack of CDFA guidance on this topic will push all developers to assert technologies in the application that will garner the highest potential scores, while also trying to preserve the ability to later change the technology or project design after grants are awarded. We suggest DDRDP staff provide some meaningful guidance on the scoring of projects that do not commit to a single technology so that developers have clear guidance as to how they will be scored. In particular, we recommend that CDFA provide scoring incentives for projects that are willing to commit to building projects that immediately implement higher scoring technologies (such as vehicle fuel). Undoubtedly, there will be many projects that use transitional technologies or have not made final commitments, and CDFA staff will need to do technical analysis to determine the most appropriate score for these projects. However, any project that commits, only and immediately, to supplying vehicle fuel or other zero net emissions technologies should be assured that this commitment will garner exceptionally high scoring. Without such assurances, the scoring incentives are weighted towards creative, non-committal grant writing instead of firm and beneficial project design.

If you have you have any questions or need any clarification on the above written comments, please feel free to call me at 210-527-7631 or by email me at daryl@maasenergy.com.

Thank you again for considering our comments and for facilitating such a great program.

Sincerely,



Daryl Maas
daryl@maasenergy.com
210-527-7631



Agricultural Council
of California

February 14, 2017

Via Electronic Submission

Amrith Gunasekara, Ph.D.
Manager, Office of Environmental Farming and Innovation
California Department of Food and Agriculture
1220 N. Street
Sacramento, CA 95814

Re: Comments on CDFA's Dairy Digester Research and Development Program

Dear Dr. Gunasekara:

Agricultural Council of California (Ag Council) appreciates the opportunity to provide additional comments in response to the California Department of Food and Agriculture's (CDFA) revised proposal for the Dairy Digester Research and Development Program (DDRDP).

Ag Council is a member-supported organization advocating for more than 15,000 farmers across California, ranging from small, farmer-owned businesses to some of the world's best-known brands. On the dairy side, Ag Council represents approximately 75 percent of the fluid milk in the state, through our three dairy cooperatives: Land O'Lakes, California Dairies, Inc., and Dairy Farmers of America. Ag Council works tirelessly to keep its members productive and competitive, so that agriculture can continue to produce the highest quality food for the entire world.

In our December 2016 comment letter, we expressed how important incentive funding is to achieving the state's ambitious methane reduction goals, set forth in Senate Bill (SB) 1383 by Senator Lara. Funding is needed to develop new infrastructure to handle organic waste, research to quantify methane reduction potential of non-digester practices and technologies, and to support methane-reducing practices that aren't currently technologically and/or economically feasible.

Proceeds from the state's Greenhouse Gas Reduction Fund (GGRF) are vital to incentivizing voluntary methane reduction projects on dairy operations. The current round of funding, appropriated by the Legislature, has set aside \$50 million. Ag Council appreciates the administration's financial support of the dairy community. If the state is to have any chance of moving toward this important target, stepped-up investment over the next several years is needed to fully initiate the level of investment necessary for the dairy industry to be successful.

Revised Draft Request for Grant Applications (Draft RGA)

We are generally supportive of splitting up the GGRF funds into two separate programs, however in CDFA's Draft RGA substantial changes were made to the budgeting of funds without any explanation. CDFA is now proposing to make \$29-\$36 million available for the 2017

DDRDP. Previously, CDFA proposed to provide at least \$36 million in funding for the development of digester projects. The Draft RGA gives no explanation why or under what circumstances the department proposes this substantially lower amount. Reasoning for this change in programmatic funding is needed, because we anticipate the request for funds through the DDRDP to be oversubscribed.

The Draft RGA also proposes setting aside \$9-\$16 million for non-digester projects, identified by CDFA as Alternative Manure Management Practices (AMMPs). There is potential for alternative methane reducing projects, but at this time it is difficult to quantify how much methane can be reduced from practices such as enhanced separation of manure solids and changes to manure collection methods. It will be necessary to build and study several projects to evaluate and quantify their ability to compete for wider adoption. Ag Council supports the pursuit of alternatives that will be economical and practical for dairies that are not suitable for anaerobic digesters (AD) technology.

Since the AMMPs process will be following a different timeline and development, our support is conditional until the practices are analyzed and the criteria for evaluating project proposals has been created. We urge CDFA to provide reasoning for why the AMMPs budget has been increased. Additionally, we are hopeful that the development of the guidelines begins as soon as possible. On the chance that only a limited number of qualifying projects could be ready for AMMPs funding, Ag Council believes any remaining funds should be reallocated to feasible AD projects.

Administrative

We respectfully request CDFA to provide a detailed budget highlighting CDFA's plans for administering the \$5 million for these programs. We understand the need for CDFA to cover the Department's administrative costs, and are hopeful that CDFA will spend as much of these funds as possible on actual methane reduction projects.

Conclusion

Dairy digesters and other alternative projects represent a unique opportunity to significantly reduce agriculture's greenhouse gas emissions, especially methane. A cooperative, voluntary program has the potential to significantly cut methane emissions while providing other indirect air and water quality improvements, criteria pollutant reductions and benefits to disadvantaged communities. Ag Council supports CDFA in this effort and looks forward to working with staff to make this program a success.

Should you have any questions or need anything further from us, please contact Rachael O'Brien at (916) 443-4887 or via email at Rachael@agcouncil.org.

Respectfully,



Emily Rooney
President

