

2021 Joint Legislative Budget Hearing on Environmental Conservation

Wednesday, January 27<sup>th</sup> 2021

Richard M. DiGia, President and CEO Aria Energy

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The transportation sector is responsible for 36% of greenhouse gas emissions in New York State and is one of the only segments of the economy that has increased pollution. We, as a State need to do more to address transportation emissions by encouraging the use low carbon fuels and ultimately electrifying the transportation sector. We need to take the first step in reducing emissions from cars and trucks, and a clean fuel standard will get New York on the right path. Reducing transportation emissions will have significant public health benefits and clean our air. This is especially important now, given the evidence that communities with higher rates of transportation pollution have seen more severe COVID-19 cases.

Aria Energy is a market leader in the production of Renewable Natural Gas (RNG). We own and/or operate a diversified portfolio of 42-biogas recovery and processing facilities across 17 states, 10 of which are located in New York. Our facilities collectively represent 216.6 MW of renewable electric capacity and over 106 million gallons (gasoline gallon equivalents) per year of RNG capacity. Producing RNG from biogas generated by animal waste, wastewater treatment process or landfills utilizes an existing source of biogenic methane to displace fossil fuels. According to the US Environmental Protection Agency, use of RNG can provide benefits in terms of fuel security, economic revenues or savings, local air quality and reducing Greenhouse gases emissions.

Aria Energy currently delivers all RNG produced in New York to California, where a Low Carbon Fuel Standard (LCFS), incentivizes the use of fuels which decrease the carbon intensity of California's transportation fuel pool. The program has proven successful. More than 80% of the natural gas used in vehicles in California is currently in the form of RNG. Based on similar programs in other states, clean fuel standard credits create about \$100K - \$250K in total value for medium-duty delivery trucks over at least 10-to-12 year service life. With a clean fuel standard in place, a medium-duty EV truck can save >\$40,000 over its useful life relative to a medium-duty diesel truck, accelerating the rate at which bus and truck fleets would be able to adopt ZEVs. Without the LCFS, an EV truck may not be as economic as a diesel truck unless it drives a significant number of miles.

Furthermore, LCFS program has potential to be financially self-funding. New York uses about 5.6 billion gallons of gasoline and 1.3 billion gallons of diesel in transport each year. If that amount of conventional fuel was sold in California today, the gasoline would generate a deficit position for the conventional fuel suppliers of \$1.147 Billion and a diesel deficit position of \$276 million. The total value available to incentivize the expansion of clean fuel supplies would be \$1.423 Billion.

While California's LCFS market was the first and is by far the largest, it is not the only state level program. Oregon replicated the California model in its 2016 Clean Fuels Program, which has ramped up considerably since formation. The LCFS program in California has also created a spike in the development of in-state Anaerobic Digestion projects. In 2016, 2 projects were operational with 4 under construction.

As of September 2020, 34 projects are operations with an additional 77 under construction. Aria Energy is constructing 4 of those projects.

An LCFS program encouraging the utilization of ultra-low-carbon biofuels will attract investment to New York further advancing the state's clean energy initiatives. These projects create trade jobs during construction and full-time employment for facility operators and support staff. Aria Energy employs over 170 people across the United States, 56 of those employees are located in New York. As a company with a long history of developing projects in New York, Aria Energy encourages the implementation of a New York LCFS program to encourage new project development and the opportunity to keep RNG produced in New York to be utilized in state.

A handwritten signature in blue ink that reads "Richard M. DeGisi". The signature is fluid and cursive, with the first name "Richard" being the most prominent.

January 25, 2021