



February 20, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via electronic submission

Re: Comments on Proposed Changes to LCFS, Initial Statement of Reasons

The American Soybean Association (ASA) appreciates the opportunity to provide comments on the proposed changes to the Low Carbon Fuel Standard (LCFS) presented in the Initial Statement of Reasons on December 19, 2023. ASA has welcomed the opportunity to engage with the California Air Resources Board (CARB) throughout the LCFS workshop and rulemaking process.

ASA represents approximately 500,000 U.S. soybean farmers on domestic and international policy issues important to the soybean industry and has 26 affiliated state associations representing 30 soybean-producing states. U.S. soybean growers have long been committed to producing the world's food, feed, fuel, and thousands of bioproducts in a sustainable and climate-smart way.

The growth in the biomass-based diesel industry has been spurred by strong federal and state-level policies that promote cleaner, lower-carbon energy sources. Increased utilization of biomass-based diesel over the past several years has had a marked impact on the rural economy. Further, according to CARB's Initial Statement of Reasons, biodiesel and renewable diesel are the largest renewable fuel source and have served as the greatest source of greenhouse gas (GHG) reductions in the LCFS to-date.

U.S. soybean growers have been long supporters and partners in the development of cleaner, lower-carbon fuels. A vibrant soybean sector, and the biofuels produced from soybeans, is critically important to lowering GHG emissions in the U.S. and supporting California's future carbon intensity reduction targets. Importantly, ASA appreciates that CARB has acknowledged the important role of agriculture in the LCFS and has not moved forward with a proposal to cap crop-based feedstocks in this update.

Carbon Intensity Reduction Targets and Modeling Considerations

ASA is largely supportive of CARB's proposed carbon intensity (CI) reduction targets through 2030 and the auto-acceleration mechanism. However, ASA is concerned that without a comprehensive update to the Global Trade Analysis Project model for biofuels (GTAP-BIO) that CARB utilizes, soy-based feedstocks will be phased out of the LCFS, even though current data indicates a much lower CI score. Without updated methodology, soy-based biofuels will only generate credits until approximately 2035, and even sooner if the auto-acceleration mechanism triggers. Updated methodology indicates credit generation for years beyond that timeframe.

During this rulemaking, CARB is updating all major models used for lifecycle emissions calculations except for GTAP-BIO. Rather, CARB continues to rely on a 2014 model that uses data from 2004. As ASA has highlighted in previous comments to CARB, outdated indirect land use change (ILUC) modeling puts soy at a significant disadvantage even though the industry has made vast improvements in sustainability

and efficiency over the past two decades. The ILUC score accounts for half or more of the CI score for soy-based biofuels. CARB's current modeling assigns soy biomass-based diesel with an ILUC impact of 29.1g CO₂e/MJ whereas updated results from the model used to calculate ILUC scores indicate a value of between 9 and 10 gCO₂e/MJ for soybeans¹. The LCFS is intended to be a science-based program, so using data from 2004 that is no longer relevant undercuts the science and thereby does not incentivize the optimal allocation of feedstocks to decrease carbon emissions.

ASA strongly urges CARB to use the time afforded by a postponement in the March Board public hearing to appropriately update its GTAP model to align with other modeling changes being made. It is incongruous to update more recent models while leaving the older, more impactful model unchanged. The benefits of an LCFS are only achieved if CI values are accurately captured.

Alternative Jet Fuel

ASA applauds CARB's desire to add intrastate flights to the LCFS program. Leaving some forms of transportation out of the program while leaving others in has financially incentivized switching to the unobligated modes. The proposal would help put air travel and ground travel on the same playing field. We also believe that it could help spur the adoption of new technologies to reduce air emissions such as sustainable aviation fuel.

Sustainability Guardrails for Crop-Based Biofuels

ASA has significant concerns with the introduction of the sustainability guardrail concept in this proposed rule. While ASA engaged with CARB throughout the informal rulemaking and workshop process, this concept was never discussed publicly as a potential addition to the LCFS program. Any new requirements to develop traceability and certification mechanisms for crop-based feedstocks should be carefully considered with appropriate stakeholder input to avoid potential financial burdens and duplication of current procedures. We find the desire to include the sustainability guardrails especially puzzling given that CARB is not proposing to update the portion of the modeling work that deals with this issue (GTAP-BIO).

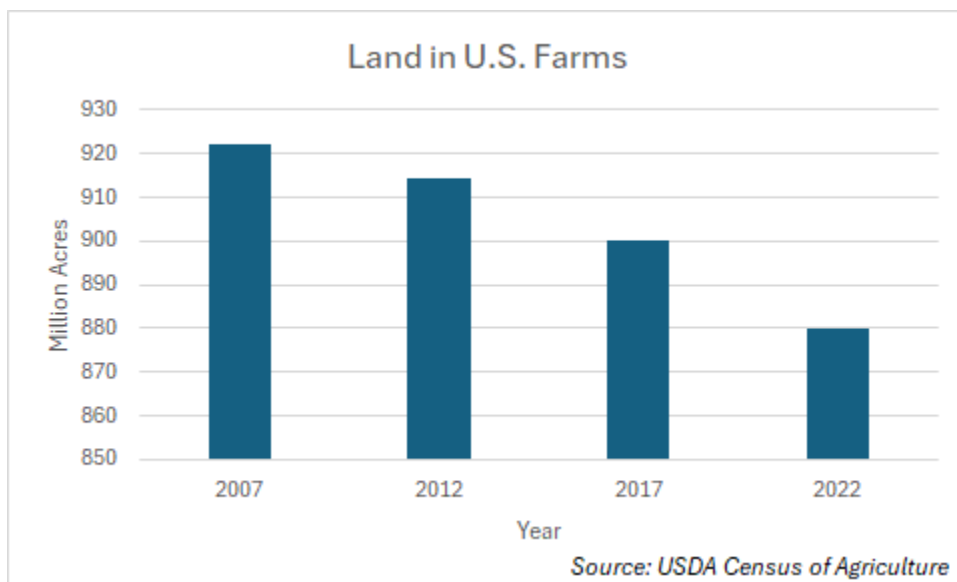
If CARB pursues this concept, it is important to consider current sustainability measures that may align with CARB's goals. The U.S. does not have a deforestation issue as noted below. However, our crop supply chains are the bulk movement of commodities. As such, soybeans from multiple sources are commingled. While small shipments can be separated to preserve their identity, this process is limited in scale and is expensive. Our concern is that the Sustainability Guardrails has no problem to fix with U.S. supplies but will require a very expensive compliance process that only benefits certifiers, not the environment. In fact, if identity-preserved shipments are required the lack of supply-chain efficiency could increase emissions for U.S. sourced feedstocks. CARB should convene a working group that includes agricultural representatives if it moves forward with this concept.

Sustainability Measures to Consider

When Congress updated the Renewable Fuel Standard in 2007, a provision was included requiring all eligible feedstock to be grown on lands cleared or cultivated by the date of enactment (December 19,

¹ Taheripour, F., Karmai, O., and Sajedinia, E. (2023). *Biodiesel Induced Land Use Changes: An Assessment Using GTAP-BIO 2014 Data Base*. Purdue University

2007) and non-forested. Much like the concept proposed by CARB, the intent of this provision is to prevent any deforestation or land use change that could otherwise occur due to renewable fuel incentives. Using a 2007 baseline cropland acreage of 402 million acres, EPA tracks eligible acres using annual data. To-date, U.S. cropland acreage has not exceeded the baseline, illustrating that increased crop production is based on efficiency rather than land use change. The provision helps protect against imported feedstocks that come from more environmentally sensitive areas. We support the National Oilseed Processors Association's comment letter with specific focus on how the RFS standards satisfy the desires of CARB's Feedstock Guardrails.



While EPA uses acreage in crop production, the USDA Census of Agriculture also illustrates a consistent decline in overall land in U.S. farming, as noted in the chart above. (Source: USDA Census of Agriculture)

Stakeholder Engagement

In addition to considering other sustainability measures which already apply to soybean farmers, ASA urges CARB to convene a working group or workshop process before finalizing any new sustainability guardrail concept. CARB will need to carefully consider limitations and financial impacts of chain of custody tracing of crop-based feedstocks, and the unintended impacts that could result from such a concept.

ASA welcomes the ability to continue engaging with CARB on this proposal and share more information on sustainability, traceability, and valuation. For such a complex proposal, it is imperative that CARB engage with key stakeholders throughout the crop-based feedstock value chain. For soy, this proposal will impact entities from the farm to the biofuel processor.

Imported Feedstocks

ASA was encouraged to see CARB propose a prohibition on palm-derived feedstocks. For clarification, ASA is interested in whether this prohibition is strictly for virgin palm oil, or all palm-derived feedstocks, including palm-based used cooking oil (UCO).

Looking more broadly at UCO, U.S. imports have become substantial and continually sets new records. While ASA sees UCO as an important component of the biomass-based diesel feedstock portfolio, concerns throughout our value chain have been rising about the integrity of UCO imports. These increased imports are coming from palm-producing parts of the world. ASA encourages CARB to look at the exporting countries' ability to generate the UCO being exported from them. Furthermore, if collection rates in foreign countries are utilizing nearly all available used cooking oil for purposes of exports, CARB should consider whether UCO from these sources is incentivizing cooking oil consumption and thereby palm oil production. Additionally, we encourage CARB to verify the integrity of UCO used in the LCFS program and will be engaging at a federal level to explore this issue in more detail.

Conclusion

ASA is encouraged by the continued successes of programs that support the development of cleaner, low-carbon fuels. We appreciate the goals of the proposed update, including CARB moving away from a proposal to cap crop-based feedstocks. Moving forward, ASA encourages CARB to utilize sound, current data in CI valuations, specifically through a long-needed update to GTAP. Further, ASA looks forward to working with CARB in finalizing an LCFS update that is not overly burdensome for agricultural producers.

ASA is eager to continue working with CARB to support the role of agriculture in diversifying the fuel supply and supporting cleaner fuel options in California and beyond. On behalf of U.S. soybean farmers, we appreciate the opportunity to comment and look forward to collaborating with CARB and other relevant stakeholders on implementation of policies that expand the use of soy-based biofuels and market opportunities for soybean farmers.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Gackle". The signature is fluid and cursive, with a large initial "J" and "G".

Josh Gackle, President
American Soybean Association