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Canola Council of Canada Comments on Draft Canola Biodiesel ILUC Results
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The Canola Council of Canada has developed the following comments on the draft canola biodiesel ILUC results presented at the CARB workshop on September 29, 2014. The Council appreciates the effort that CARB is undertaking to improve the GTAP ILUC modelling and looks forward to CARB finalizing the new ILUC factors. Our comments are as follows:

1. The Canola Council supports Approach B with the improved modelling of the elasticity of land transformation. Improving the way that this was being done within GTAP was one of the recommendations of the Expert Working Group. While we acknowledge that there is not a lot of data to support specific values for use in the model, the data that is available does not support using the Approach A, which is why this was identified as an area of the model that required some improvement.

2. The Canola Council also supports determining the canola ILUC number by applying just the US canola shock to the model. This is consistent with the methodology that has been used to develop the ILUC values for all of the other feedstocks that CARB have modelled. We do not believe that this is an issue of the size of the shock but rather the model responds differently to a European shock compared to a North American shock. Until this response is better understood CARB should be consistent and use only the single shocks that they have used for all other feedstocks.

3. The Canola Council is pleased to see that the Price Yield elasticity can now be set independently for each crop by region. This new flexibility, combined with the new ETL structure should make it easier to update the model in the future to include cropland pasture in countries other than the United States and Brazil and to include the impact of reducing summerfallow areas by treating both of those land uses as crops in the model.

4. While under method B, US shock only, the ILUC value of 10.4 g/MJ is low compared to the previous analysis and many of the other crops, it would be lower still if the model included cropland pasture and summerfallow in Canada. This should be the focus of future work with the GTAP model.

   Data from Statistics Canada shows that cropland pasture area in Canada dropped from 2.9 million hectares in 2006 to 2.3 million hectares in 2011 (this is only surveyed every five years), summerfallow area dropped from 3.5 million hectares in 2004 to 1.9 million hectares in 2014. During the 2004 to 2014 period canola area increased from 5.2 to 8.1 million hectares. There was a 2.9 million increase in canola area and a 2.2 million hectare drop in cropland pasture and summerfallow, thus 75% of the increased production came from factors that are not accounted for in the CARB modelling. Between 2006 and 2011 the land in crops also dropped from 35.9 to 35.4 million hectares. There is clearly more development work that is required with the GTAP model before it can accurately assess the land use changes happening with North American canola production. We expect that once this work is done that the ILUC value number for canola will be lower than the 10.4 g/MJ.