

São Paulo, February 24th, 2017.

To: Air Resources Board
California Environmental Protection Agency
Transportation Fuels Branch – Fuels Evaluation Section
1001 “1” Street – 6th floor.
Zip Code: 95714
Sacramento, CA, USA

Subject: Technical feedback regarding the issues presented at the Public Working Meeting for Stakeholder Groups on January 31, 2017.

RAÍZEN ENERGIA S/A, a company with registered offices at Avenida Presidente Juscelino Kubistchek, 1327, 5^o floor, room 1, Vila Nova Conceição, City of São Paulo, State of São Paulo, registered at the National Corporate Taxpayer Registry (CNPJ/MF) under No. 08.070.508/0001-78, herein represented in accordance with its bylaws and henceforth denominated “Raízen”, in its own name and representing its affiliated companies, appreciates the opportunity to present its comments regarding the Ethanol in the Low Carbon Fuel Standard, Public Working Meeting for Stakeholder Groups, presented on January 31st, 2017.

1. COMMENTS ON FUEL PATHWAY EVALUATION

“Staff is considering further simplification to the Tier 1 pathway application forms, as a replacement for the CA-GREET 2.0 Tier 1 Calculator.”

Raízen has reviewed the draft ethanol input sheet suggested for corn and sorghum ethanol and noticed that it is possible to improve it when replicating it to sugarcane ethanol. The input sheet should contemplate all parameters used in the Gopal-Kammen model that shall be evidenced when the verification takes place. Raízen has also proposed a specific draft for sugarcane ethanol so the verifier can check easily the information at the mill and this has already been sent to ARB staff.

It is possible to check the veracity of the information through high technology systems (PIMS and SAP) so the verifiers can easily compare the records of sugarcane supply and ethanol production parameters. The systems are updated on a daily basis according to the course of the production. Having GK parameters and production records verified in the mill must exclude companies from adapting its parameters to meet SPCANA production values.

“A fuel producer must be able to unequivocally associate specific quantities of feedstock consumed with specific volumes of fuel. Staff is considering requiring producers to define their FPC allocation accounting methodology in their monitoring plan, and verifiers to check that the volumes reported in each quarter reflect feedstock consumption within that quarter.”

Regarding the methodology to associate specific quantities of feedstock consumed for a specific volume of production, the mass balance methodology should be considered.

2. VERIFICATION

“Addition of mandatory third-party verification program aspects including, but not limited to fuel pathway carbon intensities, reported fuel quantities or chain-of-custody information.”

Raízen agrees with the need of third-party verification, but we would like to reinforce the existence of other international standards (such as Bonsucro, ISCC and EPA) that have already established rigorous verification requirements to ensure the veracity of the information reported. In other not to duplicate efforts and enhance costs, it is very important that ARB staff work together with these initiatives to take advantage of verification synergies.

The site visits should be on an annual basis at a maximum, since there are no critical activities that may change frequently the course of a normal ethanol production facility, and all information required to calculate the CI can be validated through system reports and send it direct to the verifiers or ARB staff.