



December 5, 2017

Via Email Submittal to: LCFSworkshop@arb.ca.gov

Sam Wade
California Air Resources Board

RE: RPMG Supplemental Comments

Dear Sam;

RPMG Inc. (RPMG) would like to thank you and your staff for the continued public participation and extended regulatory process, including the November 6th public workshop. Following up on that meeting and subsequent discussions, RPMG would like to submit these supplemental comments prior to the finalization of the Initial Statement of Reason. These comments focus on a lingering key issue for Midwest ethanol producers: Corn Transport Distance Calculation Methodology.

Default Corn Transport Distance Policy

RPMG believes a realistic default average transport distance is needed. The need for a reasonable default transport average distance is independent of any site-specific option to be entertained by CARB. Any proposed default value should meet CARB’s stated criteria of: adhering to the agency’s practice of using conservative default values while striking a balance which does not require onerous recordkeeping and verification requirements.

In the January 25, 2017 LCFS Staff Discussion Paper, CARB staff recommended a standard default corn transport distance of 50 miles by heavy duty trucks for Midwestern facilities (IL, IN, IA, MN, NE, OH, MI, SD, WI). RPMG has in the past and would continue to support this number over the most recent proposal indications of 80 miles. This default value was seemingly inflated to 80 miles without citation or justification. This increase leads to an additional 1.22 gCO2e/MJ for Midwestern ethanol plant pathways. RPMG maintains that 50 miles is already overly conservative. The use of 80 average miles is unnecessarily punishing producers. Further, because this issue impacts ALL ethanol producers, the LCFS program would forego the additional contribution of credits in mass. This impact is counter to Midwest producers’ real-world experience and the mutual interest of ethanol producers and the LCFS program to reduce carbon emissions.

The following data further supports our position that 50 miles is an appropriately conservative default. The U.S. Department of Agriculture calculated average distances that corn is shipped to ethanol plants in nine Midwestern states.^{1 2} The average distance is 19.1 miles, with each state listed below. At more than double the USDA derived Midwest average, a CARB proposal of 50 average miles is conservative enough to account for uncontrollable variables, like changes in crop production from year to year.

Illinois:	22.60	Nebraska:	17.99
Indiana:	19.33	Ohio	23.33
Iowa:	13.99	South Dakota	15.33
Michigan:	23.33	Wisconsin	18.66
Minnesota:	17.33		

¹ [2015 Energy Balance for the Corn Ethanol Industry](#)

² [Energy Balance Study Appendix B1](#)

Alternative Methods for Consideration

RPMG has engaged with CARB during this informal stakeholder process. Through comment letters submitted in March, September and October, RPMG has consistently stated that a reasonable default value is needed and not all plants will be able to track corn transportation distances. RPMG has gathered credible data to support this position and here we offer potential solutions to improve this aspect of the program.

The vast majority of the RPMG affiliated producers prefer to use a reasonable default value for their future pathways. Upon polling the RPMG affiliated Midwest ethanol producers, the responses showed it to be overwhelmingly common for producers to source their corn from within a maximum (not average) 40 mile radius. They have expressed concern regarding the burden and cost associated with tracking **ALL** corn shipments. These producers would see a reduction in their CI score using an actual weighted average for corn transportation distance, but may not have the appetite for the additional recording and reporting required to track **100%** of their feedstock transportation. RPMG also understands that CARB would like a workable program that is as accurate as possible. **Therefore, RPMG respectfully suggests the following alternatives, because in our view there is no need for the proposed methods to be “all or nothing.”**

Producer Preferred Alternative - Site Specific Defaults

RPMG and our affiliated producers recommend CARB allow plants to demonstrate that their average corn transport distance is below a predetermined tiered default score (80 miles, 60 miles, 40 miles, etc.). Once the plant's average transport distance is initially validated using actual data, the appropriate default would be assigned and could be used in perpetuity without the need for ongoing verification requirements (but still subject to a random compliance audit). We believe this option would allow plants, and CARB, benefit from using a “default” and avoid the burden of an ongoing verification requirement. This is reflective of the concept that a conservative default is relative. Just as in the innovative crude provisions where there are incremental credit default scores for steam quality, there could be the option provided to have an incremental default corn distance. The option described here inherently reduces the ongoing workload for facilities and verifiers alike.

An Additional Option to Consider - Missing Data Default Approach

Allow plants the option to provide data for as much of their feedstock transportation distance as the plant deems feasible and fill in the missing data with the default amount. This would encourage producers to record and report actual data whenever it is feasible while maintaining a conservative buffer where there is missing data. This would allow the producer to minimize the punitive effect associated with using the default to the extent the producer is willing to report and record actual data. For example, if a producer can show that 75% of the corn it receives is from within 20 miles, 75% of the producer's corn transport distance would be 20 miles. Assuming a 50 mile default, the calculation would be: $20(.75) + 50(.25) = 28$ weighted average miles. This approach is consistent with the concept of allowing producers to lower their CI over time through verification. RPMG believes this approach could be readily incorporated within the proposed simplified CI calculator and transport tool frameworks draft by CARB staff.

Conclusion

RPMG remains concerned that the two current options are being discussed as mutually exclusive methodologies resulting in 1) an excessively high default distance and inflated CI value, or 2) extensive recordkeeping in perpetuity, where the means may not justify the end result.

We thank you for listening and responding over the course of the last few months. RPMG respectfully submits these comments in the spirit of doing our part to improve the program.

Please contact me with any questions or comments at (952) 465-3247 or jwhoffmann@rpmgllc.com.

Sincerely,

Jessica W. Hoffmann
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RPMG, Inc.

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