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**BEFORE THE  
CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY  
AIR RESOURCES BOARD**

**Proposed Regulation Order for the  
California Cap-and-Trade Program**

**Comments of Biotechnology Industry Organization**

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**I. Introduction**

The Biotechnology Industry Organization ("BIO") is pleased to comment on the California Air Resources Board's (the "Board" or "CARB") proposed regulation order ("PRO"). BIO is the world's largest biotechnology organization, with more than 1,200 member companies worldwide. BIO represents leading technology companies in the production of conventional and advanced biofuels and other sustainable solutions to energy and climate change. BIO also represents the leaders in developing new crop technologies for food, feed, fiber, and fuel.

California's cap-and-trade program is intended to set the State on a path to reduce greenhouse (GHG) emissions to 1990 levels by 2020, the target established in AB 32. Attainment of desired GHG reductions will require the California economy to transition to cleaner and more sustainable energy resources and to achieve much higher levels of energy efficiency. Biotechnologies advance multiple goals consistent with reductions in greenhouse gas emissions and lessening dependence on non-renewable sources of energy. Indeed, the expansion of biomass as a fuel source, including biofuels, will allow California to displace large volumes of fossil fuels, thereby achieving substantial and immediate reductions in the State's GHG emissions, as well as supporting much needed job creation for the California economy.

BIO firmly believes that Cap and Trade regulation should include appropriate incentives for, and recognition of, biotechnology solutions that produce clean and sustainable fuels and products, enhance industrial energy efficiency, and protect and enhance soil carbon. To advance the growth in use of biotech tools for GHG

abatement and mitigation, the following features should be included in any market-based cap and trade system:

1. Allowance revenue. A significant portion of allowance revenue should be used to fund the research & development and commercialization of biofuels and biobased products that demonstrate a GHG reduction compared to the current alternative.

2. Offset credits for biological sequestration.

- a. *Biobased Products*. Biobased products produced from renewable biomass provide superior greenhouse gas and energy independence benefits as compared to traditional products made from petroleum feedstocks. In fact, many biobased products are carbon negative on a lifecycle basis by sequestering atmospheric carbon within the product itself. A cap-and-trade program should recognize and reward these lifecycle GHG benefits to provide the necessary market signal to drive investment in critical low-carbon biobased products. Thus, production of biobased products should be included in a list of eligible offset project types.
- b. *Soil sequestration from improved land utilization*. Improvements in land utilization associated with the production of renewable biomass should be eligible for carbon offset credits on a basis comparable to other activities eligible for carbon offset credits.

3. Land-use. To the extent emissions associated with land use are considered, all technologies and land use choices must be evaluated on a level playing field, using rigorously developed and consistent scientific methodology that is uniformly applied.

- a. The PRO does not address the potential for the substantial expansion of the production of biofuels using single as well as multi-purpose crops that will likely enhance land productivity and further reduce lifecycle GHG emissions.

BIO urges you to value the vital contribution that biotechnology solutions can make to achieving reduced greenhouse gas emissions and encouraging cleaner and more sustainable resources by giving the above recommendations your strongest considerations.

We thank you for your consideration of these comments.