



January 18, 2017

Richard Corey
Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Comments on Proposed Changes to “California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms” Regulation

Dear Mr. Corey:

Windset Farms appreciates the opportunity to provide comments on the changes to the “California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms” regulation, which were proposed by CARB on December 21, 2016. We understand that comments on these proposed changes are due to CARB no later than January 20, 2017 at 5pm Pacific time. Our comments on the proposal are included below.

Background

Windset’s Santa Maria, California facility is a hydroponic agricultural production facility currently consisting of four state-of-the-art 32-acre greenhouse structures, growing predominantly tomatoes, peppers, cucumbers, and other specialty produce. The greenhouses are semi-closed and provide a controlled environment designed to maximize the yield and biological safety of the crops. Natural gas-fired boilers are used to optimize plant growth with heating, dehumidification, and carbon dioxide (CO₂) dosing. Windset is recognized as an industry leader for its use of energy efficiency measures by the Southern California Gas Company. In 2013, Windset was awarded the largest energy incentive paid out in the utility’s 140 years history.

Comments

Our Santa Maria commercial growing operation is considered a “new entrant” to the cap and trade program, so Windset’s source category has not been listed as a regulated category in the cap and trade regulation. As a result, Windset has been ineligible for allocations under cap and trade, requiring us to purchase compliance instruments at considerable expense since we have entered the program. We are very appreciative that CARB has proposed to rectify this matter in the latest proposed rulemaking, allowing Windset to become eligible for allocations.





In the current proposed rulemaking, CARB has proposed to include Windset's facility under the North American Industry Classification System (NAICS) code 111419: "Other Food Crops Grown Under Cover." This NAICS code is proposed to be designated a medium leakage risk and would be assigned an assistance factor of 75% for the third compliance period of the cap and trade program. Windset has some concerns about the method used to calculate the leakage risk for our facility. Both the emissions intensity and trade exposure calculations would be improved with some refinement in the data. The emissions intensity data has been changing for our facility over time and we would be pleased to provide additional data for use in determining an appropriate factor.

Regarding trade exposure, the data used by CARB from the United States Department of Agriculture (USDA) also appears to under-report sales data for our sector of the agricultural industry. In this area, Windset plans to provide additional industry data for use in CARB's calculations.

Closing

We appreciate the work that you and your staff are doing to address the challenge of global climate change, and we look forward to discussions with your staff about this matter. Please feel free to contact me at 778-239-1700.

Sincerely,

A handwritten signature in blue ink that reads "Dillon Kass".

Dillon Kass
Manager, Regulatory Affairs
Windset Farms California

