



May 10, 2018

California Air Resources Board  
1001 I Street  
Sacramento, CA 95812  
*Via online submission*

***RE: Lhoist North America's Comments on CARB's April 26, 2018 Workshop Regarding Potential Amendments to the Cap-and-Trade Regulation***

Lhoist North America of Arizona, Inc. (LNA) owns and operates the Natividad Plant, a dolime manufacturing facility located and operated in California. Dolime produced at the Natividad Plant is used in a variety of products and industries including: agriculture, construction, soil and ground stabilization, steel manufacturing, etc.

Green House Gas emissions, specifically CO<sub>2</sub>, are inherent to the dolime manufacturing process in the conversion of dolomitic limestone (CaCO<sub>3</sub>) to dolime (CaO). There are currently no alternative methods to the industrial production of lime, so the reduction in CO<sub>2</sub> emissions from the process is not possible. Whereas the Cap-and-Trade program is intended to "incentivize" companies to implement lower emission technologies, there is no such "incentive" for the dolime industry as there simply are no other alternatives. In addition, the dolime industry has significant competition from outside California. As the CAP Adjustment Factor decreases with time, California dolime manufacturers will be increasingly in a non-competitive position. Maintaining the current CAP Adjustment Factor reduction rate of 1% instead of increasing it to 2.5% will better allow California dolime manufacturers to manage its operations to stay competitive.

LNA encourages the California Air Resources Board (CARB) to implement Cap-and-Trade cost containment provisions as directed by AB 398 and supports CARB's intentions of reviewing the CAP Adjustment Factor for those industries with greater than 50% process emissions. Extending the existing dolime CAP Adjustment Factor reduction rate beyond 2020 will have a significant impact to the Natividad Plant.

LNA appreciates CARB's review of the enclosed comments and looks forward to continued discussions on the Cap-and-Trade regulatory program.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justin Andrews', written over a white background.

Justin Andrews  
Regional Environmental Manager (West)