March 15, 2023

Cheryl Laskowski
Branch Chief, Transportation Fuels Branch
Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: February 22, 2023 Public workshop to Discuss Potential Changes to the LCFS.

Dear Ms. Laskowski,

The Brazilian Sugarcane and Bioenergy Industry Association (UNICA) appreciates the opportunity to submit feedback on some of the topics presented to stakeholders during the workshop on February 22, 2023. We applaud CARB's transparency and its willingness to engage with outside stakeholders like UNICA, and our member companies will continue to offer input and collaborate with your staff to ensure our data and positions help inform your deliberations.

Our comments today focus on our concerns related to a potential cap on food crop biofuels, that we believe represent an untested manipulation of the market-based incentive structure that has been the foundation of the progress LCFS has made to date.

Our members are unified in the belief that any arbitrary cap will create uncertainty, hinder the ability of the state to react to economic challenges and slow progress toward advancing California's climate policy.

It is important to remember that biofuels have generated roughly half the CI reduction to date and continue to play a central role in the program. Any comprehensive approach to reducing GHG should call for more biofuels, not less.

UNICA has a history of conservation and supports policies that place a premium on environmental protection. The safeguarding of our forests, native vegetation and food production must come before fuel. Brazil is one of the world's top producer and exporter of sugar, corn, coffee and soybeans. Besides having record production of these agricultural commodities, Brazilian sugarcane and second crop corn footprint is relatively small. More than 66 percent of Brazil is made up of native vegetation and only 0.7 percent of Brazil's territory is currently used for the production of sugarcane ethanol[1] and 0.2 percent for the production of second crop corn used for ethanol production[2]. In this small area, farmers are required by Brazilian environmental law to protect a minimum of 20 percent of native vegetation and ensure biodiversity corridors for

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[1] *Id.* at 4. The vast majority of sugarcane produced for ethanol production is harvested in South-Central Brazil, over 1,500 miles from the edge of the Amazon. *I. .*

[2] Embrapa Territorial (2020) Agroicone (2019), IBGE (Sugarcane: PAM 2021); Sparovek et. al. ((2015); Soares-Filho et. al. (2014) LAPIG (2010); Ministry of Agriculture/ CNJC (2015); Socio-environmental Institute - ISA (2014); MAPA (2022)

wildlife to flourish. Brazilian Forest Code also requires that private lands in the Amazon biome protects between 50 percent to 80 percent of native vegetation. In the cerrado biome, this requirement is of 35 percent preservation. Any expansion of production in Brazil is primarily driven by converting degraded livestock pastures in the Central-South region of the country.

Furthermore, Brazilian land is protected by the market incentives provided in the country's watershed National Biofuel Policy (RenovaBio), which was introduced to meet Brazil's Paris Climate Accord commitments. In addition to reducing the carbon intensity of our transportation fuels, RenovaBio requires producers to maintain full compliance with the nation's Forest Code and demonstrate zero deforestation even if authorized under law. Producers, who are independently audited, are monitored and must prove every year that no deforestation has occurred to stay in the RenovaBio program. UNICA is proud to report that 100 percent of its members are RenovaBio certified.

Brazil is one of the greatest bioenergy producers and has been a leader in developing sustainable strategies to increase productivity in the field and using residues as feedstocks for bioenergy. Some examples are livestock intensification, which released degraded pasture for production, and second cropping, which allows for the same area to produce twice a year avoiding the expansion of agricultural areas. On an industrial level, Brazil implemented technologies for residues, like the use of vinasse as fertilizer on the field; bagasse and straw for bioelectricity; straw and other lignin products for ethanol 2G; and more recently, the use of vinasse and filter cake for biogas and biomethane production. Besides that, ethanol has great potential to be part of the solution for hard-to-abate sectors, such as sustainable aviation fuel (SAF). The recognition of this potential by strategic markets such as California is crucial for enabling the sugarcane industry in Brazil to unlock new investments and keep developing and improving the technologies.

We urge CARB to collaborate with industry stakeholders, and state and national agencies to get a full understanding of our industry's land-use policies. Setting arbitrary caps on crop-based biofuels is not the ideal policy option, and will deny California consumers access to clean, low carbon fuels and delay California's goals of curbing carbon emissions.

In closing, we would like to restate our support for the adoption of the more aggressive CI reduction goals for 2030 reflected in Alternative B and C, presented to stakeholders back in November of 2022. In adopting more aggressive goals, the LCFS program will require the increased utilization of low carbon biofuels, like Brazilian ethanol, and our industry is ready to do its part to aid California.

We stand ready to continuing to support you.

Sincerely,

Leticia Phillips

Representative-North America

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