April 20, 2015

Clerk of the Board
California Air Resources Board
1001 I Street
Sacramento CA 95812

Submitted Electronically: http://www.arb.ca.gov/lispub/comm/bclist.php

RE: **Sustainable Freight: Pathways to Zero and Near-Zero Emissions, Discussion Draft**

Dear Chairwoman Nichols and Members of the Board:

The agricultural representatives listed below would like to submit these comments regarding the Sustainable Freight Strategy (SFS) that you will discuss on April 23. We realize this is a discussion draft and there is much more work yet to be done. We wanted to voice our initial concerns on several points, with the understanding that there are many more complex and wide-reaching issues in the SFS that will have significant impact on the agricultural community. We will not attempt to address all of the issues at this stage, but we will want to work with you, your staff and the board as we seek to improve the state's freight transportation system.

As you well know, the food, fuel and fiber produced in California must be transported a number of times before consumers are able to enjoy and utilize its enormous benefits. The wholesale shift to a zero or near-zero emission strategy will touch every agricultural operation and must be carefully evaluated to insure we maintain a vibrant agricultural community.

Proposed Facilities Emissions Cap

In many cases agricultural facilities are already complying with air quality regulations for sources subject to stationary, mobile, greenhouse gas and numerous other requirements. We believe that the proposed facility-based emissions cap will overlap and require multiple emission restrictions on equipment and facilities, especially on facilities that are already adhering to cap and trade. Additionally, it could slow movement of products that are highly perishable, in some cases, if trucks have to wait because a facility has exceeded its emissions cap.

It will be important to analyze how an agricultural facility that only operates seasonally will be able to comply in a cost-effective manner with the initial data collection and any potential emission cap. Agriculture is a business of constant change; every year is different and harvest seasons are never exact. Weather, water and labor availability, pest infestations and commodity prices can provide a successful season or a disastrous one. Many of the packing houses, cooling facilities, processors and nut hullers operate for limited periods to process harvested product and then shut down until the next season. These are generally small, privately owned operations.

While the facilities emission cap is only a concept at this point, we do not believe it has merit and do not support it. The SFS will be infinitely more challenging to develop and enforce than the Truck and Bus rule as it expands across every form of transportation. How a facility operator will police vehicles that visit their operation raises significant questions regarding responsibilities, costs, and effectiveness of this proposal.

Transport Refrigeration Units

For many years, diesel-engine-driven trailer refrigeration units (TRUs) have been the standard approach for cooling fresh and frozen foods during transport. Keeping a refrigerated load at its correct temperature is critical. These loads are very sensitive to temperature variation; spoilage not only can lead to potential food safety concerns, but losses of millions of dollars.

The SFS proposes to prohibit the use of fossil-fueled transport refrigeration units for cold storage in phases, with incentives to support infrastructure installation and demonstration projects. ARB action will come in the 2016 timeframe with implementation by 2020 and beyond. The initial concept of the proposed regulation would limit the amount of time that a transportation refrigeration system can operate at any facility and encourages the adoption of foreseeable technologies in this sector.

As with most new technology, barriers exist. There is the potential for higher product and maintenance costs, lower reliability and limited infrastructure for both electricity and repairs. Future technology must ensure food safety of the product that is being moved to prevent spoilage. In addition, electrical connection standards have not been established, preventing the development of standardized systems that work for both interstate and intrastate transit.

Before moving forward, the California Air Resources Board (CARB) should conduct an economic analysis considering the following:

- Cost recovery issues from substantial investments made to comply with existing TRU regulation. The report notes that retrofitting and conversion options are limited.
- Consideration of higher electricity cost that are expected to rise due in part to the renewable power mandate and heavy investments in transmission lines.
- Cost competiveness of various technologies on a full lifecycle basis relative to the next-best alternative

Large Spark-Ignition Equipment (forklifts)

The SFS proposes to develop purchase requirements to support broad deployment of zero emissions large spark-ignition (LSI) equipment in the 2016-2018 timeframe that would be implemented by 2020. The first step will be to require the reporting of LSI equipment to ARB using the Off-Road Diesel Vehicle regulation reporting requirements as a model. This

additional reporting that is not currently required under the LSI regulation will add an administrative burden to agricultural operations that depend on forklifts to harvest and maintain crops and packinghouses and other post-harvest activities that must ready the crops for market.

CARB's economic analysis should consider:

- Reflection of the special needs of forklifts that are used exclusively in-field that differ dramatically from warehouse and distribution center use;
- The seasonality, small size of many operations and remote locations that characterize much of the agricultural LSI equipment use; and
- Cost recovery issues from compliance with the existing LSI regulation.

Opacity Limit Reduction

The SFS proposes to lower the current 40% opacity limit to ensure the emission benefits expected from heavy-duty 2007 and subsequent model year vehicles requiring high-emitting vehicles to repair damaged or faulty PM filters. It will be important to insure that those doing the opacity tests are trained and knowledgeable regarding the regulatory requirements for the vehicles being inspected and pre-2007 trucks are not mistakenly required to meet lower opacity standards than they were built to meet. Outreach and education of the ARB enforcement staff will also be key. Any of the flexibility provisions provided for in the Truck and Bus rule must be maintained and not undone by a lower opacity standard.

PM filters have proven unreliable and have often malfunctioned providing inaccurate testing results, for reasons not due to the truck owner's maintenance of the vehicle. There will need to be recourse for the truck owner operator to receive appropriate reimbursement for repair or replacement of faulty traps.

Renewable Natural Gas Standard

While we are generally supportive of renewable energy and fuels, if they are shown to be efficient and cost-effective, we would strongly be opposed to any standard that seeks to establish a mandate. The agricultural sector uses natural gas in a variety of contexts, both on-farm uses, such as nurseries, water pumping and nut dryers, as well as post-harvest processes. Any sort of mandate would lead to substantially higher natural gas costs for California businesses and residents.

For example, biomethane is 3 to 7 times more expensive ($10-$20 MMBTU) to produce than conventional natural gas. Energy costs for the agricultural sector have already increased due to the renewable portfolio mandate for electricity procurement, as well as the increased electricity costs associated with the state's Cap and Trade program.

Decarbonization of the natural gas system will be best achieved by removing the barriers to pipeline injection and incentivizing pipeline injection. Incentivizing decarbonization will

ensure that the best projects with the most greenhouse gas bang for the buck, such as dairy biogas, will be developed before less cost-effective projects.

In closing, we thank you for the opportunity to provide comments on the proposed discussion draft. Our industry has a committed interest in the smooth functioning of California's freight systems. The safety of our product and many California jobs depend on it. We are engaged and welcome future opportunities to continue to discuss the Sustainable Freight Strategy with both staff and Board Members.

Respectfully submitted by:

African American Farmers of California
Agricultural Council of California
Almond Hullers and Processors Association
California Association of Wheat Growers
California Bean Shippers Association
California Citrus Mutual
California Cotton Ginners Association
California Cotton Growers Association
California Farm Bureau Federation
California Fresh Fruit Association
California Grain & Feed Association
California Pear Growers Association
California Seed Association
California State Floral Association
California Warehouse Association
Dairy Cares
Far West Equipment Dealers Association
Milk Producers Council
National Hmong American Farmers
Nisei Farmers League
Pacific Coast Renderers Association
Pacific Egg & Poultry Association
Western Agricultural Processors Association
Western Growers Association
Western United Dairyman