California Rice

March 19, 2018

Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Subject: Minimize Community Health Impacts from Freight Facilities (Item 18-2-6)

Dear Chair Nichols,

We write you today to offer constructive comments related to your informational agenda item (#18-2-6) relative to the Board's plans to explore sensible emission reduction efforts at California's freight facilities. For us, port operations are critical since approximately 50 percent of our crop is exported all over the globe.

Rice Industry Background

California is the largest producer of short and medium grain (Calrose) Japonica rice in the United States. Nearly all of our 550,000 acres of rice is grown within 100 miles north of the State Capital. For the rural Sacramento Valley counties of Colusa, Butte, Sutter and Yuba, rice is the predominant crop and provides significant foundation to the economic vitality these rural areas. Nearly 2,500 family rice farmers produce nearly 2.5 million tons of rice annually making it the second largest rice growing state in the nation and contributing nearly $5 billion and 25,000 jobs to the state's economy.

Our Markets

California rice is widely distributed throughout the United States to our local Korean, Japanese and Pacific Islander communities, specialty restaurants and health food markets. It is also exported to Japan, Korea, Taiwan, North Africa, the European Union, the Middle East and Mediterranean, the Caribbean and Pacific Islands. Thus, the California rice industry relies on shipping of rice and rice products to these export markets and the continued function of our shipping ports of Oakland, West Sacramento and Stockton are vital to our industry. In a typical year, about nearly 900,000 metric tons of rice is transported on hundreds of ships to our global trading partners. Two of these ports handle vessels that are loaded with nothing but rice. Therefore, it is very important for our industry, which competes within fiercely price-competitive international rice markets, to be able to fully evaluate and provide comments on the economic impact of any new regulatory proposals by the Air Resources Board (ARB).

Our Environmental Benefits

In addition to rice production, our fields also provide critical habitat for nearly 230 species of wildlife, including millions of migrating waterfowl and shorebirds along the Pacific Flyway. Our fields are designated as Shorebird Habitat of International Significance and provide some 60 percent of all the food consumed by an estimated six million waterfowl wintering in California's Central Valley.

ARB Workshop Participation

We attended the ARB Public Outreach Meetings on Minimizing Community Health Impacts from Freight Facilities in February of 2018. At these meetings, ARB staff presented very limited specific information about what emissions control concepts would ultimately be proposed by ARB. The presentation materials contained this specific language: "transition to zero-emissions" and "transition to cleaner combustion." Unfortunately, this gives us very little information upon which to evaluate and offer the Board quality feedback. Also, ARB staff presented no information on the emissions assumptions or costs of any proposed technology for us to evaluate with any high degree of detail.

Serious Cost-effectiveness Concerns

Absent detailed information from ARB staff, we have worked with our shipping industry partners to understand what technologies have been implemented or tested in larger ports in Southern California to try to understand staff might ultimately consider recommending. Using their information, we are very concerned about the extremely high cost-effectiveness of these approaches combined with the fact that they would yield a small amount of overall emissions reductions.

For example, one technology requires emissions scrubbing equipment to be applied by special service while a ship is at port. For a typical bulk bagged rice shipment, this would cost around $125,000 for a single berth with a very high cost-effectiveness of over $450,000 per ton of emissions reduced. The limit applied in ARB's own Carl Moyer Program is $30,000 per ton of emissions reduction. This threshold limit is 15 times lower than what would result from a regulatory proposal like this.

Scrubbing equipment applied to this rice cargo sector would cost $450,000 per ton of emissions reduced. This is 15 times the limit applied by ARB for the Moyer Program.

Other potential proposals, such as electrification or hybridization of drayage trucks also have us concerned. Rice is delivered to the ports by trucks that are multipurpose and only used on occasion for rice delivery to a port facility. The cost of converting this fleet for the purpose of reducing port emissions would also have extremely poor cost-effectiveness. Again, without better information on actual considered proposals we are not able to provide a full evaluation at this time.

The California rice industry appreciates ARB's efforts to address emissions and community impacts of freight facilities and we want to participate in finding good cost-effective solutions. Towards this goal, we hope that ARB will be completely transparent and offer clear information for our industry and the public to evaluate moving forward.

We appreciate your Board's consideration of our comments on this developing strategy to address emissions from freight facilities. We look forward to working with you and your staff on workable and cost-effective approaches. Please feel free to contact me at (916) 206-5340 or pbuttner@calrice.org if you have any questions.

Sincerely,

Paul Buttner
Manager of Environmental Affairs

c: Richard Corey, Executive Officer, ARB
Angela Csondes, ARB
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