

California Air Resources Board
1001 I Street
Sacramento, CA 95814
USA

DSM Nutritional Products
Wurmisweg 576
4303 Kaiseraugst
Switzerland

www.dsm.com

Date
November 5, 2020

Your reference
ab398offsetreport-ws

Subject
**Comments Initial Draft Report of the AB 398 Compliance Offsets Protocol
Task Force**

Dear Sir, Madam,

Thank you, Task Force members, for the time you gave and expertise you brought to this important work. We appreciate being given the opportunity to comment on your initial draft recommendations. Our comments are specific to Chapters 1 and 4 of the Recommendations.

Support of proposal

We support the characterization of using feed additives that have been scientifically proven to reduce the enteric emissions of methane from dairy cows, as the basis for a high integrity project type with real, verifiable, enforceable, permanent, and additional GHG reductions. In addition, this project type has large potential for Direct Environmental Benefits because dairy farms in California are often located in disadvantaged communities, or in some cases, near Native American or tribal lands, and of course are in rural and agricultural regions. This is a key differentiator for this project type. With California being the number one state in the U.S for dairy production, a feed additive enteric methane protocol would give the dairy industry the opportunity to participate in California's offset market in a different manner than the existing livestock protocol *Capturing and Destroying Methane from Manure Management Systems*. This new protocol would also stimulate sustainable economic development.

Recommendations

Design to be competitive

California competes globally with dairy markets outside the U.S. where incentives are in place for low carbon dairy and beef products. It is essential that California creates market conditions, which allow farmers to compete internationally, both economically and from a sustainability metrics standpoint, and ensure carbon value accrues to dairy farmers. To this extent, we have the following recommendations:

Regarding programmatic considerations, to improve the uptake of a feed additive protocol and value proposition for rural/agricultural contexts, CARB should implement proposed policy tweaks to the methodologies that make administering projects more efficient and less costly, including:

- Allowing grouped projects to spread verification costs.
- Verification of multiple GHG activities (e.g. digester and feed additives) occurring at the same location in one site visit/reporting tool. This would incentivize project developers to broaden their services into other areas at the farm and it would allow dairy farmers to more easily determine their GHG reductions across multiple areas like manure management, enteric emissions and soil carbon sequestration etc.
- Reducing or waiving project registration fees for agricultural projects.

Additionally, we feel strongly that increasing the utilization of offset credits in the state of California is critical to incentivizing offset project development and generating the corresponding economic environmental and social co-benefits. We laud your identification of several important opportunities for CARB, including:

- Trading of offset capacity from entities that choose to underutilize offsets, to those that have maximized their allotment
- Connecting with new political jurisdictions to increase the pool of carbon buyers
- Allowing offsets to count toward other California carbon neutrality goals

Design for choice

We feel that it is very important that the chosen protocol / methodology be technology neutral to promote the most effective products, based on multi-site and long-term in vivo studies, and economically viable to dairy farmers. The existing Gold Standard protocol (2018) provides a useful model for the application of scientifically credible feed additives and is inclusive, while the Verra protocol limits the choice of dairy farmers to using only natural and organic substances, and a lower burden of scientific evidence. Additionally the Gold Standard only includes products which have been locally registered and approved for the reduction of methane emissions by the relevant local authorities. The choice of which additives to use, and what makes economical sense should be with the farmers. The design of any protocol should therefore be written in such a way, that all products which are approved for the reduction of methane, and irrespective of their source, irrespective of the magnitude of the methane reduction, and irrespective of the price, can be considered.

Design to be trustworthy

For the final recommendations, we would appreciate the Subgroup emphasizing that there needs to be a level playing field for feed additives that make an environmental claim for enteric methane

emissions reduction. All feed additives making that claim need to be approved by the relevant state or federal regulatory authority that regulates and approves the safety and efficacy of livestock feed additives. It is important that feed additives are scrutinized from a safety and efficacy perspective by authorities to ensure a) consumers are safe, b) farmers have a set of credible products they can choose from, and c) to establish consumer confidence in the dairy sector's efforts to lower the environmental footprint, and positively impact climate change.

Thank you for your consideration of our comments. Should you require any further information on the above recommendations, and/or have any other questions, please feel free to contact me. We would be honored to provide any support we can to allow the California dairy sector to have a long-term and sustainable future.

Respectfully submitted,



Mark van Nieuwland
V.P. and Program Director
DSM Nutritional Products
mark.nieuwland-van@dsm.com



Hugh Welsh
President North America
DSM Nutritional Products
hugh.welsh@dsm.com