



**To:** Mary Nichols, Chair  
California Air Resources Board

**Fr:** California League of Food Processors

**Date:** April 28, 2017

**Re:** California Air Resources Board's Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

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The California League of Food Processors (CLFP) appreciates the opportunity to provide comments on Board's proposed amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation.

CLFP represents 47 industrial food processors in California. Food and beverage processing in California accounts directly for \$25.2 billion in value added and 198,000 direct full- and part-time jobs. Food processing reverberates through local and regional economies. On average for every \$1 of value added in food and beverage generated results in \$3.25 dollars in additional economic activity. Each job in food and beverage processing generates 3.84 jobs in total.

CLFP hopes these comments will aid the ARB Board and staff in forming fair, policy-oriented, and data-supported regulations regarding future GHG allowance allocations, recognizing that avoiding the potential harm to the California food processing industry, and the economy in general, beginning in 2021 will require straight-forward, data supported studies. Consequently, the decisions that the ARB makes regarding post-2020 implementation of the state's goals embodied in Senate Bill 32 (Pavley), requiring statewide GHG emissions reductions to at least 40 percent below 1990 levels by 2030, are guaranteed to have a significant impact on the ability of food processors in this state to remain competitive in the future.

With that, CLFP submits the following comments:

### **Proposed Modifications to Section 95103. Greenhouse Gas Reporting Requirements**

#### *Verification Deadline*

The ARB has proposed changing the deadlines for verification of product data for facilities subject to the product-based benchmark from September 1 to August 10. While CLFP appreciates the compromise in setting the proposed date to August 10 from the previously proposed date of August 1, we still believe that such a move will do little to mitigate the additional difficulties associated

with the verification deadline for that portion of the food processing industry that is subject to seasonality.

Seasonal California processors are subject to summer harvest cycles which can run from late-June through mid-October. The average season for food processing runs between 70 to 90 days. Once the harvest commences, facilities will operate non-stop, 24-hours a day, processing fruits and vegetables as they are harvested.

Under the current regulation, food processors are required to report product-based data in April. The verification of the reported data then commences. As a result, verification of a seasonal facility's reported data occurs during the height of the processing season.

Even with the current September 1 deadline, many food processors are burdened with a time-consuming verification process, hosting verifiers and onsite facility verifications, during the most intensive period for food processing facilities. Many of these facilities struggle to meet the current deadlines due to the inability to assign vital staff or resources at the height of the processing season. Moving the deadline for verification up by three weeks will only further increase the difficulties for food processors.

An unintentional consequence of moving the deadlines may result in increased costs for facilities subject to the MRR. Verifiers will have less time in which to verify the facility data. Additionally, the new deadlines may limit the number of clients a verifier can accommodate under the new deadline. This is likely increase the costs of verification as verifiers attempt to make up for the loss in clientele.

ARB staff central issue is that the vast majority of verifications were being filed at or on the September 1 deadline. However, moving the deadline, giving staff more time, does nothing to alleviate the pressure on seasonal facilities subject to such a deadline and, in fact, may make meeting the deadline even more difficult.

#### RECOMMENDATION

Given the size and unique aspects of the sector represented by seasonal food processors, it remains unclear why ARB cannot try to accommodate these few facilities? CLFP recommends keeping the current deadline for seasonal facilities that meet these specified criteria.

That said, CLFP still believes that incentivizing facilities to meet or beat the verification deadline constitutes a better answer. Incentives could take the form of early deposits of allowances into those facilities' CITSS accounts or options designed to provide compliance leeway specific to the facility or sector.

## **Impact on section 95133 (Conflict of Interest) of Proposed Verification Date Change**

### *Conflict of Interest Approvals*

Given the proposed shortening of the verification deadline, CLFP urges ARB to find a way to streamline the process for Conflict of Interests reviews for verifiers. Some food processors have experienced a delay in the start of verification process do to the verifier not receiving a Conflict of Interest clearance from the ARB in a timely manner. For facilities using the same verifiers, not new ones, it seems reasonable that such reviews and approval should only take a day - not two weeks as one food processor reported the CLFP. Since the ARB is proposing to move back the deadline three weeks CLFP recommends that steps be taken to guarantee the timely approval of verifiers.

CLFP looks forward to continued engagement on these vital topics.

cc: California Air Resources Board Members  
Dr. Steve Cliff, Senior Advisor to the Chair  
Richard Corey, Executive Officer  
Edie Chang, Deputy Executive Officer