



Leticia Phillips
18-7-4

September 27, 2018

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

Dear Chairman Nichols:

My name is Leticia Phillips, and I am the North American Representative for the Brazilian Sugarcane Industry Association, also known as UNICA. Sugarcane ethanol from UNICA members is one of the lowest carbon fuels available today at commercial scale, and it plays an important role helping California meet goals established by the low carbon fuel standard.

I will briefly focus my comments on a few significant problems regarding how the proposed new carbon intensity calculator would score sugarcane ethanol.

First, the calculator continues to discount the significant investments our members have made to reduce emissions through greater mechanization in harvesting processes. As our written comments on August 30th make clear, current assumptions do not match reality for most of our members. We encourage CARB to both raise the proposed default assumptions and allow our members to provide site-specific mechanization levels for their individual mills. Assuming that 20% of sugarcane crops in the State of Sao Paulo, and 35% in the rest of the country, are burned for harvesting is too far from Brazilian reality. Biofuel producers who have invested in modern, expensive technology should not be penalized by lower default assumptions.

Secondly, UNICA is very concerned that CARB staff continue to apply so-called "back-haul" penalties for maritime transportation. Simply put, ocean tankers bringing ethanol from Brazil to California **do not** return empty to Brazil, and sugarcane ethanol **should not** be penalized for false assumptions unsupported by current market and trading practices. We understand CARB aims at having consistency and, as stated by Sam Wade during the last workshop, your goal is "to treat all back-haul

fairly across all fuels". Fair treatment requires that specific realities are taken into account, so CARB should publish any evidence that would justify the imposition of a back-haul penalty on sugarcane ethanol, or otherwise, remove it from the calculator.

Finally, I want to underscore that these problems with low mechanization assumptions, unnecessary back-haul penalties and other technical concerns raised in our written comments have significant economic consequences. Considering current average carbon prices, proposed changes to the CI calculator result in an additional burden of nearly 25 cents per gallon for sugarcane ethanol. This unsupported quarter-per-gallon penalty means unnecessary costs for Californians, decreased investment in our industry and a potentially reduced supply of low-carbon fuels for the state.

UNICA understands and supports CARB's desire to enhance the low carbon fuel standard. Our comments are intended to ensure the proposed amendments have their desired effect and allow more low-carbon sugarcane ethanol to reach Californian ports and gas tanks. To accomplish this goal, CARB needs to revisit the calculator.

Our association looks forward to playing an active role in your rulemaking process and will continue to be a strong, dependable partner helping California meet its clean energy goals. Thank you.