



Dairy Cares Comments on 2022 Scoping Plan Update Initial Modeling Results Workshop.

April 4, 2022

Dairy Cares¹ appreciates the opportunity to provide the following comments on the California Air Resources Board’s (“CARB” or “the ARB”) March 15, 2022 Scoping Plan Update Workshop on the Pathways and RESOLVE modeling results. These comments supplement our prior comments, which discuss: (1) the importance of focusing on proven methane emission reduction strategies; (2) the value of local environmental benefits of digester projects; and (3) the need to invest in methane reductions in the near-term as a short term hedge against longer term CO₂ climate impacts.² Below, we explain how dairies and dairy processors are continually working to make the production and processing of dairy products more efficient. A comprehensive strategy of expanded investment in dairy methane reduction projects, especially additional dairy digesters, enteric emissions strategies, and research will be the most cost-effective, technologically feasible path to achieving methane emission reduction targets without harming the economy or causing emissions leakage, consistent with Senate Bill 1383.

The ARB has put forth a broad range of modeling results that depict a wide variety of emission reduction strategies. The four different modeling scenarios represent substantial emissions modeling and analysis that will enable the ARB to make meaningful decisions about the tradeoffs – both environmental and economic - of different emission reduction strategies. Once the forthcoming economic modeling results are available and vetted in this proceeding, we are confident this record will ensure that the ARB is positioned to meet its statutory directives in Section 38561 of the California Health and Safety Code, which directs the ARB to evaluate the “maximum technologically feasible and cost-effective emission reduction strategies.”

As discussed below, Dairy Cares supports a subset of the alternatives and encourages the ARB to focus on refining those modeling scenarios that ensure that the state can meet its SB 1383 targets through voluntary compliance mechanisms and incentives, as contemplated in

¹ Dairy Cares represents the California dairy sector, including dairy producer organizations, leading cooperatives, and major dairy processors. For more information about Dairy Cares, please visit www.dairycares.com.

² See Dairy Cares Comments on 2022 Scoping Plan Update - Public Health Workshop (March 7, 2022), available [here](#); Dairy Cares Comments on 2022 Scoping Plan Update – Scenario Modeling Assumptions (October 22, 2021), available [here](#).

Section 39730.7 of the Health and Safety Code. As CARB’s own final Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target confirms, modeling scenarios that completely exclude digester development will not achieve the SB 1383 statutory directives. Instead, the ARB should focus on the need for expanded investment in digesters between now and 2030 and other strategies discussed below. Doing so will achieve significant local environmental benefits, protect local economies, maximize methane emission reductions and provide a short-term hedge against long-term climate change.

DISCUSSION

1. Modeling Scenarios Presuming Herd Reductions Greater than 2% per Year Would Not “Maximize” Cost-Effectiveness Due to Economic Impacts and Emission Leakage.

Overall, most of the Scoping Plan modeling accounts for and recognizes the importance of methane reductions and the important role of dairy digesters. However, Alternative 1 (“Alt 1”) is an outlier insofar as any mandated herd reductions would likely result in significant emission leakage and damage to state and local economies. If the State were to mandate herd size reductions, dairy production would certainly be displaced to states with much less rigorous environmental protections and higher emissions resulting from low production efficiencies. As the ARB further evaluates the modeling, it should take note that the modeling for Alt 1 may not have captured the full extent of emissions leakage. We believe the inclusion of emissions leakage resulting from Alt 1 puts in question whether the aggregate emission reductions in the 2035 target would be invalid since methane emissions would be transferred to other jurisdictions. From this perspective, modeling assumptions relying on mandated herd size reductions cannot be found to maximize cost-effectiveness because there is no emissions benefit (i.e. effectiveness) when emissions are exported.

The state will likely continue to see a natural reduction in herd sizes of ½ - 1% per year, consistent with the historic trend.³ This is due to the fact that dairies are continuing to consolidate and must comply with new environmental requirements for water quality and overdraft protection (e.g., the Sustainable Ground Water Management Act (“SGMA”)). Dairy Cares recommends excluding modeling results from further consideration when the modeling presumes greater herd reductions than those reasonably expected to occur due to natural attrition. Dairy Cares is continuing to look at the issue of expected herd size reduction and will be in a better position to characterize expected reductions in a few months.

2. The Scoping Plan Modeling Should Contemplate the Achievement of the SB 1383 Targets Through Greater Investment in Dairy Digesters and Enteric Emissions Offset Protocol Development.

³ See CARB Final Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target (March 2022), p. 27, available [here](#); See also 2030 USDA presentation, Dairy Farm and Dairy Product Trends in the United States and California, William Hohenstein, (March 29, 2022), available [here](#).

As a broad policy plan, the Scoping Plan scenarios should be evaluated in conjunction with other laws addressing climate change, especially the SB 1383 short-lived climate pollutant targets. Any scenario or “alternative” analyzed in the Plan must consider how that alternative would or would not satisfy the statutory criteria for cost-effectiveness and leakage minimization. We believe there is a way to meet the ambitious targets and adhere to the statutory objectives designed to protect both state and local economies.

The Scoping Plan modeling should assume that dairies will continue to improve their efficiency as we have seen over the last two decades producing more milk with fewer cows, which results in enteric and manure methane reductions. In addition, as the ARB refines and evaluates the modeling scenarios, it should take note of the fact that existing ARB and California Department of Food and Agriculture methane reduction strategies have already enabled dairy farmers to produce milk and dairy products with less GHG emissions, water, and other environmental impacts. Expansion of existing strategies are a sound choice for future policy development. Dairy Cares believes the State can meet the objectives of SB 1383 and SB 32 through investment in proven emissions reduction measures, including:

1. Ongoing efficiency improvements at dairies and dairy processing facilities; producing more milk with fewer cows provides both manure and enteric methane reductions.
2. Methane avoidance through Alternative Manure Management Projects; additional focus and research should be dedicated toward advanced manure management technologies that can potentially achieve GHG and water quality benefits.
3. Methane capture and utilization (i.e., digesters); increased funding as called for in CARB’s Final Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target will be critical.
4. Investment in enteric methane reduction strategies through offset protocol development.
5. Supporting research and innovation in dairy science and technologies to achieve the State’s ambitious goals.

A comprehensive strategy of ongoing and expanded investment in proven emission reduction strategies will ensure that the State can meet its emission reduction goals without triggering significant leakage. While our recommendations most closely align with Scoping Plan Scenario Alternative 3, we encourage the ARB to construct a Scoping Plan that draws on elements from multiple Scenarios that maximize the cost effectiveness of emission reduction strategies. For example, investment in enteric emission reduction strategies through offset development and research should be a core strategy in any modeling scenario. The ARB should also discuss when certain strategies will not achieve the statutory objectives of Section 38561 of the Health and Safety Code or are at odds with related statutory requirements, such as the requirements of SB 1383. For example, mandated herd reductions should be dismissed due to the clear leakage and economic impacts noted above.

