October 16, 2024

Attention:
Liane M. Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted electronically.

RE: Proposed Low Carbon Fuel Standard Amendments (Second 15-Day Changes) – October 1, 2024

Dear Ms. Randolph,

On behalf of the Canola Council of Canada (CCC), Canadian Oilseed Processors Association (COPA) and Canadian Canola Growers Association (CCGA) we welcome the opportunity to provide feedback on the *Proposed Low Carbon Fuel Standard Amendments (Second 15-Day Changes)* released October 1, 2024.

The CCC, COPA and CCGA are non-profit industry associations that work collaboratively to help address issues impacting the canola value chain and oilseed processing sector in Canada.

The canola industry in Canada is extremely concerned that the Second 15-Day Changes continues to include a 20 % credit cap on renewable fuels derived from canola and soybean oil and proposes to add sunflower oil. No scientific rationale has been provided by CARB for the proposed cap and it has become clear this decision is completely arbitrary. In fact, the scientific data that CARB has provided[1][2] demonstrates that clean fuels derived from these vegetable oil feedstocks are making positive contributions to California's GHG emission goals and will play a critical role in supporting cost effective emission reductions from the transportation sector in the future.

Proceeding with a cap, coupled with proposals to phaseout biomass-based diesel pathways, and rigid certification requirements on already sustainable feedstocks like canola and soybeans from Canada and U.S., can be expected to stifle clean fuel investments, lead to more combustion of fossil diesel fuel, drive up fuel prices at the pump and lead to poorer air quality.

To avoid these unintended consequences, we reiterate our recommendations for CARB to consider the following actions before finalizing amendments to the LCFS.

1. Reject any imposition of a cap on canola, soybean and sunflower oil's participation in California's clean fuel market, consistent with CARB's own analysis that a cap on virgin vegetable oils is unwarranted.

2. Remove the proposal to give the Executive Officer discretion to stop accepting applications for new fuel pathways for biomass-based diesel, starting January 1, 2031. This provision is discriminatory and contradicts the overarching principle that LCFS programs be technology neutral.

---

[1] https://ww2.arb.ca.gov/sites/default/files/2024-04/LCFS%20April%20Workshop%20Slides.pdf
[2] https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2024/lcfs2024/isor.pdf

3. Provide options, flexibility and guidance for sustainability certification. We agree that sustainability criteria are important to protect the integrity of any clean fuel program, but applying a 'one size fits all' approach to crop feedstock regardless of origin is misguided and unnecessary if a jurisdiction can provide the necessary evidence to demonstrate, on aggregate, there is no detrimental impact on land use change, including deforestation. This approach is consistent with existing biofuel programs, including the U.S. Renewable Fuel Standard and Canada's Clean Fuel Regulation, and has proven to address sustainability concerns while limiting regulatory burden on market participants.

   If CARB insists on proceeding with certification requirements on already sustainable feedstock, we strongly recommend that additional guidance on implementation be provided, with the aim of streamlining the requirements. For example, further clarity is needed on the requirement to provide geographical shapefiles or coordinates of plot boundaries (farm, plantation or forest) that are managed to produce the biomass (i.e. crops). Implementation of this requirement should not result in the gathering of unnecessary data that ultimately becomes an untenable exercise for both industry and CARB to manage.

4. Hold an additional public process, after the conclusion of this rulemaking, on these topics. Given the nature and magnitude of the unexpected changes that have been proposed, one can only conclude that there is a clear misunderstanding in the stakeholder community about the sustainability of canola and soy for food, feed and fuel uses, therefore, it is vital for CARB to hold further consultations with stakeholders on these topics. This should be done outside of this rulemaking period to allow time for input from stakeholders, including leading academics and experts, on this topic area. Insufficient public process has occurred to-date to support such significant changes at this late date, but this can and should be remedied by appropriate public dialogue on a go-forward basis, in which we would willingly participate.

Our detailed feedback on *the Proposed Amendments* can be found in the attached Appendix

The CCC, COPA and CCGA appreciate this opportunity to comment and look forward to an ongoing dialogue with CARB and other relevant stakeholders to enact changes to the LCFS that will address climate change while creating economic opportunities for those in the clean fuels value chain.

Sincerely,

Chris Davison	Chris Vervaet	Rick White
President and CEO	Executive Director	President and CEO
CCC	COPA	CCGA

Appendix

I. Cap on credit generation for fuel derived from canola, soybean and sunflower oils.

While the intention behind CARB's Scoping Plan and historical LCFS work appears to be to displace up to 100% of the State's current fossil diesel demand, the proposal to cap canola, soybean and sunflower oils as feedstocks will likely have the opposite effect. Capping the use of these feedstocks will eliminate opportunities to displace fossil diesel and can be expected to increase fuel costs. Vegetable oils produced in Canada and U.S. are the most efficient, cost-effective and sustainably produced feedstocks on the market. Limiting their use will constrain the supply of renewable diesel. Renewable diesel and biodiesel are crucial components of California's efforts to reduce greenhouse gas emissions and transition to cleaner energy sources. Any arbitrary limitation on the use of these feedstocks will create a supply-demand imbalance, driving up the costs of renewable diesel production and, consequently, the price at the pump for consumers.

CARB's findings presented at the April 2024 workshop demonstrated that renewable diesel and biodiesel have a positive impact on both consumers and the environment. CARB's "Staff Report: Initial Statement of Reasons" (ISOR) specifically modeled an alternative (Alternative 1) which "includes several policy mechanisms that have the effect of limiting the number of credits created from existing low-CI pathways" including "a limit on total credits from diesel fuels or sustainable aviation fuel produced from virgin oil feedstocks." The report's impacts are glaring – and each of them point to more fossil diesel use due to a cap on vegetable oil feedstocks.

Furthermore, capping the use of vegetable oils will require California to rely on imported feedstocks originating from outside Canada or the U.S., such as used cooking oil (UCO) from China. While free and open trade is an important market principle to uphold, it is harder to guarantee or be certain of the origin of UCO or other imported feedstocks, compared to those derived in North America. For example, there is some concern that some of the flood of UCO imports in the past year could include palm oil from southeast Asia, which is the subject of significant concerns due to the environmental profile of its production and concerns over deforestation. There is no deforestation in North America from canola and soybean production and any "indirect" impacts are already accounted for in the overly conservative life-cycle analysis and carbon intensity scores that have been developed for clean fuels from canola and soybeans.

Lastly, reaching CARB's goal to displace 100% of fossil diesel demand with the proposed feedstock constraints in place is both unrealistic and impractical. The clean fuels industry is still developing, meaning access to all sustainably produced feedstock will be critical to meet the state's ambitious targets. By capping the use of vegetable oils, the proposal risks both existing and future investments made by clean fuel producers and feedstock providers alike. In turn, this will stall progress made to reduce carbon emissions by creating a bottleneck in clean fuel production. CARB's own analysis supports this assessment.

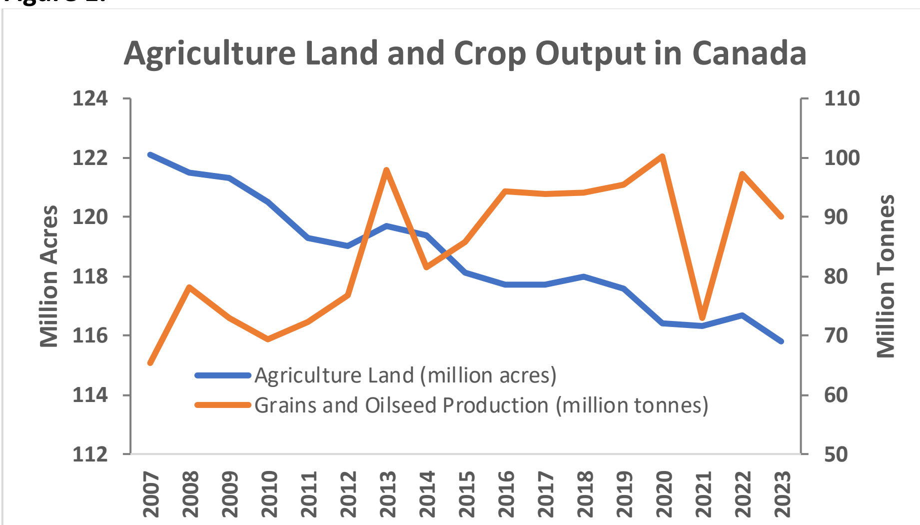
II. Authority to phase out new Biomass-Based Diesel pathways

The proposed authority to phase out new BBD pathways in 2031 is also concerning and unwarranted. CARB has a stated goal to achieve 100 percent renewable diesel, and phasing out new pathways would be unnecessary – either because the market has already become saturated and new pathways would no longer be needed, or because the market has not yet achieved 100 percent saturation and additional fuel and feedstocks are required. The inclusion of this provision only serves to send a market signal that will limit both near and long-term supplies of feedstocks and fuel necessary to achieve the climate goals of the LCFS.

III. Sustainability Certification

Data that the canola industry and other stakeholders have shared with CARB over the past 12-24 months, clearly demonstrates that agriculture land in Canada and the U.S. is shrinking, yet crop output continues to grow. Figure 1 is an example of this trend, indicating that crops grown and harvested in Canada do not contribute to deforestation or associated adverse land use impacts. Furthermore, growing more crops with less available land is a testament to the innovation of crop production, with farmers deploying enhanced plant genetics and applying sustainable growing practices.

Figure 1.



Source: Statistics Canada

We reiterate our position that asks CARB to adopt an approach in the updated rule that would allow biofuels produced from crop-based feedstocks to comply with sustainability requirements on aggregate in lieu of certification. While we respect the importance of sustainability criteria in the development of low carbon fuel markets, the certification requirements proposed appear to be a 'one size fits all' approach, placing unnecessary obligations and burden on the supply chain from jurisdictions like the U.S. and Canada, that have already demonstrated crop production has no adverse impact on land use, deforestation, or biodiversity.

If CARB insists on proceeding with certification requirements on already sustainable feedstock, we strongly recommend that additional guidance on implementation be provided, with the aim of streamlining the requirements. For example, further clarity is needed on the requirement to provide geographical shapefiles or coordinates of plot boundaries (farm, plantation or forest) that are managed to produce the biomass (i.e. crops). Implementation of this requirement should not result in the gathering of unnecessary data that ultimately becomes an untenable exercise for both industry and CARB to manage.

Indeed, both the U.S. Renewable Fuel Standard and Canada's Clean Fuel Regulations already recognize crop production in U.S. and Canada as meeting sustainability requirements.