

February 20, 2024

Re: Comments on the December 19, 2023 LCFS Proposed Amendments

Submitted electronically

California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Thank you for affording our company and other stakeholders the opportunity to comment on proposed amendments to California's Low Carbon Fuel Standard (LCFS). The LCFS has been a landmark policy in greenhouse gas (GHG) reductions, enabling the renewable fuels industry to grow with direction and purpose. The biofuels sector has been a significant contributor to the development of this landmark lower-carbon policy, and likewise, companies such as ADM have led the way in producing fuels that have helped the state reach its goals and sustain its progress on GHG reductions in transportation.

**ADM's Low-Carbon Legacy and Commitment to Sustainability**

Long before adoption of the LCFS, ADM had significant interest in and contributions to low-carbon energy policy. For more than a century, we have transformed crops into products that serve the energy and food security needs of a growing world. Renewable fuels are a vital part of our business. We first produced ethanol in 1978 and added biodiesel production in 2006. Today in the U.S., we manufacture more than 1.4 billion gallons of corn-based ethanol per year at seven plants in five locations. We also produce or market more than 400 million gallons of biodiesel per year from four North American ADM-owned facilities and one for which we market product. Globally, we also produce biodiesel at facilities in Europe and Brazil. These facilities produce biomass-based diesel from a variety of feedstocks, including soy and canola. Collectively, our current biofuel production operations directly support nearly 4,000 jobs, and indirectly support tens of thousands more. We also are growing our capacity, with additional soybean crush capability now online in Spiritwood, North Dakota, as part of a partnership with Marathon Petroleum to provide feedstock for its renewable diesel operations.

Sustainability is a foundation of ADM's purpose and a pillar of our growth strategy, and we applaud CARB's interest in sustainable fuel production throughout the history of the program, including its most current proposed amendments. With global scale and a value chain that stretches from more than 200,000 farmers to customers, ranging from multinational companies to startups, ADM is a leader in supporting the production of sustainable solutions in categories encompassing food, fuel, and industrial and consumer products.

Our company has made significant global sustainability commitments, updated, published, and highlighted each year in our annual Corporate Sustainability Report. The most recent report is attached for your review. Highlights from last year's report, covering January 1 through December 31, 2022, include:

- Achieving 100% traceability across direct and indirect soybean suppliers in Argentina, Brazil, and Paraguay.
- Disclosing GHG emissions from land use change.
- Introducing a goal to increase low-carbon energy usage to 25% of total energy use by 2035.
- Launching our regenerative agriculture program, re:generations™, and enrolling more than 2 million North American acres in regenerative agriculture programs – which leverage the land's ability to

sequester carbon, enhance biodiversity, and help protect and preserve soil and water – in the initiative’s inaugural year. We aim to enroll 4 million acres globally by 2025.

- Committing to work with the Science-based Targets Initiative (SBTi) to align ADM’s carbon reduction targets with ambitious goals to limit the average rise of global temperatures to 1.5 degrees Celsius.

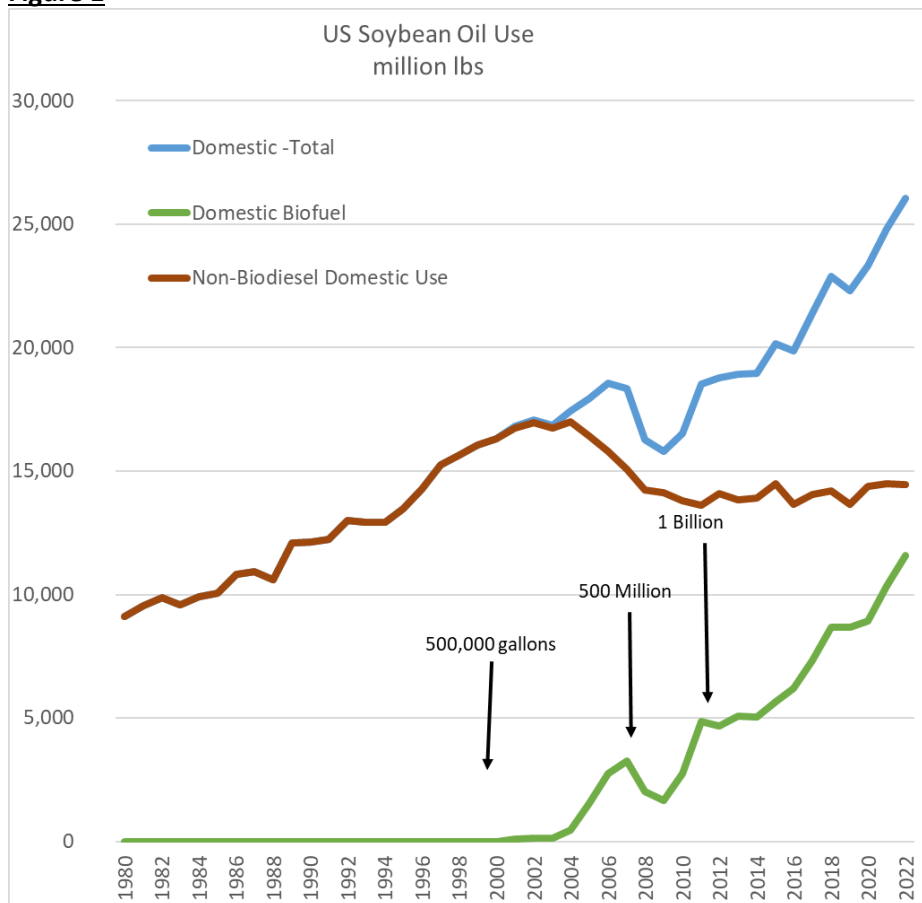
These metrics indicate the very real progress made by ADM, indicative of the positive change that the entire renewable fuels industry is undertaking.

**The Biofuels Industry Promotes Food *and* Fuel**

Producers such as ADM have the skill, technology, and vision to make the most efficient use of an entire agricultural crop. Indeed, we and our counterparts in the agricultural and biofuels sectors are focused on promoting both food and fuel. Corn and oilseeds like soybeans and canola produce high-protein feed and oil. The protein is used for animal feed and other food products. The oil is used for food ingredients and preparation and a range of industrial uses, including biofuels.

Looking specifically at oilseeds, feedstocks which are driving growth of lower-carbon biodiesel into the California market, U.S. demand over the next five years is forecast to grow 10%. A corresponding growth in vegetable oil supply will occur in tandem. Because per-capita fats and oils consumption across the globe is decreasing, lipid-based biofuels are actually recovering the value of the product that would otherwise had been lost (see Figure 1). This is a benefit to farmers, consumers, and the environment, as more biofuel is being consumed in our transportation system. Said another way, without demand for the oil via biofuels, either farmers would see less profitability or the price of soy protein meal for pork, chicken, and turkeys would have to increase – leading to food inflation.

**Figure 1**



Source: USDA – Oil Crops Data Yearbook - 2023

### **Further Analysis of Crop-Based Fuels Sustainability Criteria**

Given the reality of food and fuel, ADM applauds CARB's decision not to implement a cap on crop-based biofuels in these most recently proposed amendments to the program. Data regularly makes clear that crop-based biofuels do not negatively impact the production of human or animal nutrition. Rather, crop-based fuels such as ethanol and biodiesel produce both food and fuel at affordable prices. And as stated earlier, the biofuels industry has led the way in meeting the LCFS program's goal of reducing GHG and other emissions over time. A cap would be a significant course reversal, for the state, consumers, and the environment.

While CARB's decision not to propose a cap is promising, significant questions remain regarding its proposed sustainability criteria for crop-based fuels. Given that this proposal had not been previously considered or publicly discussed, we appreciate the additional workshop to be conducted this spring on a number of issues, including sustainability criteria. All stakeholders should be afforded the opportunity to engage and understand how such criteria would be implemented and administered.

The workshop will be instructive in more fully exploring a number of important factors seemingly not yet considered by CARB. For example, existing standards and protocols already achieve the goals these new criteria aim to achieve. Two of the primary crops grown in the U.S. are covered by the U.S. Soybean Assurance Protocol or the U.S. Corn Assurance Protocol. In addition, under the U.S. Renewable Fuel Standard (RFS), sustainability criteria as proposed by CARB are met and in some cases exceeded. The RFS law has been in place for nearly two decades, well exceeding CARB's proposal that applicable sustainability certification programs be in place for at least two years before satisfying these proposed requirements. Additionally, under the RFS:

- Fuel feedstocks must not be sourced from agricultural land cleared or forested after Dec. 19, 2007;
- Environmental, social, and economic criteria are taken into account in developing annual fuel volumes under the program;
- Transparent public review of and comment on proposed annual volumes and changes to the rule are central to the continual development of the program. Proposed changes, public comment, and associated documents are posted on the U.S. Environmental Protection Agency's (EPA's) website to review by stakeholders and the general public.
- Scientific experts within EPA and associated technical advisory panels provide regular input into changes to the program.
- A rigorous audit program via EPA, including high standards, training to ensure competency, and transparency to the public, is maintained.

On each of these and more points, the comprehensive RFS meets or exceeds sustainability certification criteria as proposed by CARB. Moreover, recognizing the RFS in this manner would avoid the burden of duplicative criteria and reporting, allowing the program to stand on firm, proven ground as it pertains to sustainability while ensuring that biofuels producers and feedstock providers are held to account.

As stated, we look forward to a workshop focused on this matter in order for stakeholders in the program to understand key drivers, definitions, implementation planning, and finer points of the requirements not covered in adequate depth as part of the proposed amendments. Key participants in these sessions would be farmers and those who work closely with them, as providing our agricultural community certainty and a straightforward, reliable manner of compliance is critical to their continued growth and success.

Finally, ADM welcomes discussions on our global scope of work, including with accrediting bodies currently developing and deploying sustainability models.

### **Protecting and Promoting North American Feedstocks**

The proposed sustainability criteria noted above would place U.S. and Canadian crop-based feedstocks at a disadvantage versus feedstocks coming from other markets, as the RFS recognizes and provides rigorous review of feedstocks from these two countries as part of the program. As mentioned, establishing duplicative criteria would be a burden not only to fuel producers, but also to domestic U.S. and Canadian farmers who fully participate in feed and fuel production. All of this would occur with no commensurate sustainability benefit.

Further to the point of protecting North American feedstocks, the rise of international used cooking oil (UCO) feedstock imported into the U.S. market has skyrocketed in recent years, after the establishment of more incentives for their use in producing lower-carbon fuel. Much of this UCO also is leveraged for LCFS compliance in the California market, and on a level playing field, this is appropriate. Still, this influx of UCO from overseas raises questions about its sourcing and, at a minimum, calls for greater scrutiny to ensure integrity of the LCFS program and the fuels consumed in the state.

Finally, North American-grown feedstocks such as corn, soy, and canola are expected to face expanding global competition, including Chinese agriculture which is improving its own production and crop yields, and will be able to supply more feed and fuel to our domestic markets in the coming years. Our industry will lead the way on domestic food and energy security.

### **Conclusion**

As amendments to the LCFS are finalized and implemented, we ask that CARB continue partnering with the agricultural industry as we grow, evolve, and supply California consumers with food and fuels in a sustainable manner. The LCFS program is a key policy to further catalyze our and others' sustainability efforts and associated learnings. A robust LCFS sends a clear signal to the market and supports continued investments in lower carbon feedstocks as well as carbon reduction efforts, including regenerative agriculture practices such as cover crops and improved water and fertilizer management practices.

Thank you for the opportunity to share these comments as the CARB staff and Board complete work on amending the LCFS. We further associate ourselves and align with comments submitted by the California Advanced Biofuels Alliance, Clean Fuels Alliance America, National Oilseed Processors Association, and Growth Energy. Please do not hesitate to contact me or our Vice President – State Government Relations Greg Webb ([webb@adm.com](mailto:webb@adm.com)) with any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "Greg Morris".

Greg Morris  
Senior Vice President  
President, Ag Services and Oilseeds  
ADM