



August 27, 2024

Chair Liane Randolph and Members of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

Dear Chair Randolph and Members of the Board,

Cargill appreciates the opportunity to provide comments on the California Air Resources Board's (CARB) proposed 15-Day Changes to the Proposed Amendments to the Low Carbon Fuel Standard (LCFS) Regulation (15-day package), and we thank staff for consideration of our points below.

Cargill is a Minnesota-based global agribusiness company that has worked closely with small- and large-scale growers since our founding 159 years ago. We partner with farmers, food companies, retailers, and fuel producers to make, process, and move food and fuel feedstocks around the world. Cargill businesses originate, process, and convert these feedstocks into renewable fuels including biodiesel and ethanol, while working closely with our farmer partners. Our work starts at the farm level, where we are undertaking comprehensive, large-scale efforts to [reduce emissions](#) across our global supply chains – working hand in hand with farmers to scale regenerative farming practices, protect and restore vital landscapes and empower producer communities.

**Cargill is taking climate action – the global food system depends on it.**

Climate change has a direct and growing impact on the food and agriculture industries. With a global footprint and presence in major supply chains worldwide, Cargill has a responsibility to make the food system even more sustainable and resilient. Cargill appreciates CARB's commitment to decarbonize the State's transportation sectors. A more sustainable food system must consider how food and other vital goods move around the world from origin to destination. Incentivized markets, such as California's LCFS program, are instrumental in creating demand for these lower-carbon transportation solutions.

**Near-Term Stringency Increase**

Cargill welcomes CARB's proposal of a near-term increase in stringency to a 9% CI reduction in 2025 as a way to stabilize LCFS prices, but we believe there is room for a more impactful step-down given the build in the LCFS credit bank as the industry responds to the demand of lower carbon liquid transportation fuels in California. The over-performance of the program is a testament to its success, and we believe the proposed adjustment will be supportive to higher credit prices and continued investment in the state's transition to cleaner energy.

## 20% Cap on Soybean Oil and Canola Oil Feedstocks

**Cargill's priority will always be nourishing the world.** We believe North American agriculture still has an important role to play in the transition to cleaner energy and more sustainable food systems, and that the industry is uniquely positioned to feed the world and meet the growing global demand for low carbon biofuels. North American farmers are integral to the decarbonization of our food and energy sectors and continue to use innovative technologies and cropping systems to support carbon sequestration, sustainability, and emissions reductions throughout the supply chain.

As such, Cargill does not support the proposed cap on soybean and canola oils. Any deviation from the current policy must be nimble, non-arbitrary, and designed to effectively respond to near-term acute needs without driving longer-term unintended consequences. While we believe that innovation in agronomics and technology will lead to greater opportunities for emissions reductions for traditional feedstocks like soybeans and canola, we also acknowledge CARB's desire to send a clear market signal so that participants can make decisions that affect the long-term performance of their businesses.

Agriculture has been serving food and fuel markets for decades and will continue to support both markets with an unwavering commitment to sustainability as the energy transition evolves. As we invest and modernize assets to support near-term demand, we see a shared benefit for long-term food production supported by more advanced infrastructure.

A key driver for the long-term success of the industry will be the continued reduction in the carbon intensity of crop-based feedstocks. The growing adoption of sustainable farming practices results in the production and availability of lower carbon-intensity feedstocks for bioenergy. Farmers are increasingly adopting these practices to further reduce and sequester carbon, in addition to seeing clear economic and productivity gains. Recognizing the opportunity and imperative of regenerative agriculture, Cargill is supporting and incentivizing these sustainable practices among growers in our supply chain. We encourage CARB to promote the adoption of these reduction mechanisms by making available pathways which incorporate regenerative agriculture practices.

CARB's proposed cap on soybean and canola oil feedstocks disadvantages the North American grower who is integral to the decarbonization of our global food systems. In the years ahead, the global food system will be subjected to the indirect consequence of reducing the available production of soybean and canola oil – which is to reduce contingency supplies available to the food system. In essence, CARB's proposed policy guidance calls for greater decarbonization without its most flexible and scalable feedstock supply. We believe this undermines the critical imperative to provide food and to decarbonize the global transportation supply chain.

The proposed cap on soybean and canola oils for biomass-based diesel represents a material policy change to the program. CARB's 15-day package presents the first opportunity for a broad stakeholder group to review these impactful changes. Given the potential implications of this policy change, Cargill asks CARB to provide stakeholders with additional time to properly vet the intent, impact, and implications of the proposed requirements. While we expect additional question to be raised over time, we request that CARB respond to the following as soon as possible:

- Current participation % of soybean and canola oils as biomass-based diesel feedstocks – Cargill requests that CARB provide stakeholders with the composition of the "Other" feedstock type category used for data modeling in Table 6 of the LCFS Data Dashboard.

- Assessment of the 20% cap – Is the cap assessed on the volume of biomass-based diesel imported into California’s LCFS program, or is the cap assessed on the total volume of production by producer? Cargill requests that staff make available a formula or illustrative example of how staff intends to assess this cap at the producer level.
- Definition of the term “company” – Cargill requests that staff provide a clear definition of this term so stakeholders can better analyze how the cap might affect current business operations.
- Reporting and verification – Cargill requests that staff provide more details for stakeholders related to reporting and verification processes relative to the proposed cap and its implementation.

## **Sustainability Certification for Biomass**

Cargill supports and promotes sustainable approaches to agriculture that are demonstrated through traceability back to our growers. We recognize the importance of traceability throughout the supply chain, not just for renewable biomass from crops, but for waste-based feedstocks as well. Adequate mechanisms must be in place to ensure that all feedstocks are correctly identified and that their environmental benefits match the material being used for credit-generating fuel.

Growth in waste-based feedstocks to feed our domestic market increasingly comes from foreign locations. Feedstocks sourced from outside North America are oftentimes challenging to trace back to origin. This challenge is compounded by the smaller volumes of waste that must be aggregated from hundreds of sourcing locations, and sometimes across multiple regions. Cargill believes that all feedstocks require effective compliance processes. We encourage CARB to engage with industry and relevant authorities to develop and adopt such processes and procedures.

To this end, Cargill is actively exploring the application of lipid profile analytical testing methods which would serve as support to the identification and verification of feedstocks such as used cooking oil (UCO). Developing and incorporating such testing methods would be a strong step towards ensuring rigorous compliance requirements for all feedstocks within the program.

We request that CARB align the sustainability certification requirements between biomass and waste feedstocks to ensure that all eligible feedstock for the program is subject to the same requirements, and that advantages for waste-based feedstocks are not derived from less rigorous compliance requirements.

## **Conclusion**

Cargill respectfully requests that CARB remove the proposed cap from the rulemaking package. We recognize that crop-based feedstocks must be allocated for fuel use in a thoughtful and balanced manner. Cargill’s participation in global agriculture supply chains gives us confidence in the market’s ability to serve both food and fuel.

North American farmers continue to grow their use of climate-smart agricultural practices in support of soil health, resource conservation, and soil carbon sequestration. We know that continued reductions within the industry are essential to meeting our decarbonization goals and that farmers are leading the way to a more sustainable future for our agricultural supply chains and global food systems.

We also believe that the strong demand signal for foreign-sourced waste-based feedstocks without appropriate traceability requirements presents opportunities for ineligible material to make its way into the LCFS.

We look forward to continued collaboration with CARB as we support the role of agriculture in the decarbonization of our transportation sectors and food systems. Thank you for this opportunity to submit comments.

Sincerely,

A handwritten signature in dark ink, reading "William A. Barksdale", followed by a horizontal line.

William Barksdale  
Managing Director  
Cargill, Inc.

cc: Rajinder Sahota