



*We Help Bring California's Goodness to the World*

July 9, 2021

Clerk of the Board  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

*Via Electronic Submittal*

**SUBJECT: Comments on AB 32 Scoping Plan – 2022 Scoping Plan Update**

The California League of Food Processors (CLFP) appreciates the opportunity to provide comments in advance of the proposed California Air Resources Board (CARB) Scoping Plan update required by Health and Safety Code § 38561 (AB 32 Nunez, 2006).

CLFP represents forty industrial food processors in California. Food and beverage processing reverberates through local and regional economies in California accounting directly for \$25.2 billion in value added and 198,000 direct full- and part-time jobs. On average for every \$1 of value added in food and beverage generated results in \$3.25 dollars in additional economic activity. Each job in food and beverage processing generates 3.84 jobs in total. Additionally, as identified by the CalEnviroScreen, most of the food processors in the cap-and-trade program are located in rural and disadvantaged communities in the Central Valley, employing tens of thousands of workers and providing both steady employment, good jobs and generating significant local tax revenue.

First and foremost, CLFP believes the best path to engage the agricultural and food processing sector in meeting the state's long-range decarbonization goals is through regulations that recognize the enormous pressure that the state is putting on companies subject to the cap-and-trade. This pressure is being compounded through labor shortages, water shortages, and energy shortages with which the state is currently wrestling. More than ever, the Scoping Plan Update should seek to provide a clear path towards development of a plan that acknowledges state decarbonization targets but recognizes the need for a flexible policy framework that optimizes technologically feasible, cost-effective, and sustainable greenhouse gas (GHG) emissions reductions across all sectors as required under AB 32.

Guarding against recommendations that would impose unreasonable cost increases on the production of essential food items should also be a goal of the Scoping Plan Update process. The food processors that produce staple foods such as cheese, milk, canned and dehydrated fruits and vegetables are the same ones that are in the cap-and-trade program. Excessive compliance costs will impact food prices. Any substantial increase in the costs of compliance, when considering the lack of new emission reduction technologies for our sector, will likely result in increased food costs that will be passed on to consumers by processors. The cost of food, especially for low-income consumers, should be a major consideration when CARB crafts compliance regulations for food processors.

Most of California's rural communities depend on agriculture and the food processing industry for their livelihoods. The state's push to decarbonize comes at a time when the food processing industry is also facing rising costs for labor, packaging, water, energy, and trucking, just to name a few, all of which will affect the long-term economic viability of our operations.

Any measure that would reduce emissions at the cost of production in our sector would have a devastating effect on any number of local and regional economies and local jobs. Simply put, reduced production would be inconsistent with both the state’s social justice goals, as well as the goals of AB32.

### **Increase Emphasis on Incentive Programs**

The potential to decarbonize using existing technologies and other options varies widely from facility to facility. For food processors, the available options which can help our industry reduce greenhouse gasses, ultimately are not sufficient to allow food processors, particularly considering their thermal energy demands, to contribute significantly to California’s climate reduction goals.

Large emissions reductions are expensive to achieve and a one-size-fits-all approach to decarbonizing the industrial sector is no longer feasible. For food processors, each processing facility is unique. As a result, the success of specific greenhouse gas reduction measures can vary significantly between facilities.

To support the food processing industry’s transition to a decarbonized future the state should continue and expand programs such as the Food Production Investment Program (FPIP). Incentivizing facilities to invest in efficiency and emission reduction technologies remains the best and most cost-effective path to decarbonization in our sector. Food processors can contribute to the state meeting its emissions reduction goals, but only if new technologies are available to help reach these goals.

To emphasize that point, two years ago, CARB held a workshop to discuss the role of industry in achieving carbon neutrality. The workshop reviewed the findings from a study that provided a sector-by-sector analysis of emerging technology development between now and 2050. All covered sectors showed potential for advanced technologies going forward – except for the food and beverage processing sector. (*July 8, 2019 CARB Workshop on Carbon Neutrality Goals – Industrial Sector*)

Unless recommendations strongly supporting financial incentives, such as FPIP, coupled with aggressive research and development investments are key components in this Scoping Plan update, the ability of the food processing sector to contribute significantly to the state’s decarbonization effort will be hindered.

### **Expanding Offsets for Agriculture**

Finally, CLFP hopes to encourage a little thinking outside the box and to seriously explore expanding the development and use of new agricultural offsets. Increasingly, agricultural operations are being viewed as a significant potential source of emissions reductions. Food processors, and the farmers who supply us, are linked together, and there are significant opportunities for collaboration in emissions reductions in the supply chain if offsets are available for purchase and use.

The agricultural sector has the potential to offer more offset opportunities, at a much lower cost, to reduce emissions while keeping key agricultural industries in the state and supporting disadvantaged communities. No such mechanism currently exists for permanent crops in California. In the absence of other cost-effective options, CARB should work with progressive food processors willing to collaborate to find innovative ways to offset their emissions.

The Scoping Plan should explore expanding the type and number of agriculturally based emissions offsets that could contribute to maximizing emissions reductions in the agricultural sector.

### **Conclusion**

In all, the Scoping Plan Update is an opportunity to review past progress, identify the most successful programs, apply lessons learned, and update the relevant provisions of the regulation through recommendations aimed at making the plan even more cost-effective and technologically feasible. Food processors have shown their willingness to contribute to the decarbonization of the state. But as we progress toward 2030 and beyond, given the new reduction targets, regulations going forward need to acknowledge the unique circumstances confronting agriculture in general and food processors specifically and adjust accordingly to allow our industries to contribute meaningfully to the GHG reduction totals.

Simply put, the food processors want to be a part of the solution, but regulations must be designed to ensure that the compliance costs incurred are economically feasible given the considerable problems confronting our industry.

CLFP looks forward to engaging in the Scoping Plan process over the next few months.

Sincerely,

A handwritten signature in black ink, appearing to read "John Larrea", with a long, sweeping horizontal stroke extending to the right.

JOHN LARREA  
Director Government Affairs  
California League of Food Producers