August 27, 2024

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

Via electronic submission

Re: Proposed 15-Day Changes to the Proposed Regulation Order

Dear Chair Randolph and Members of the California Air Resources Board,

On behalf of Ag Processing Inc (AGP) and its cooperative members, representing 200,000 farmers across the country, we appreciate the opportunity to provide feedback on the proposed 15-day changes (15-Day Changes) to the Low Carbon Fuel Standard (LCFS) program. AGP is a leading agribusiness with primary operations as a soybean processor and refiner, producing and marketing soybean meal, refined soybean oil (for food and fuel applications), and biodiesel. Alongside our farmer owners, we are deeply committed to advancing public policies that support sustainable agricultural practices and promote the effective use of soy biomass-based fuels.

AGP is concerned with the significant modifications introduced in the proposed 15-Day Changes, which diverge from the Initial Statement of Reasons (ISOR) and the discussions held during the April 10 public workshop. Among our primary concerns is the introduction of a cap on the use of soybean oil as a feedstock for biofuels, limited to 20 percent by company. This proposed restriction, coupled with the newly introduced sustainability guardrails, could undermine the environmental and economic goals of the LCFS program.

Key Concerns

Vegetable Oil Feedstock Cap

We urge CARB to base its decisions on up-to-date scientific evidence and to ensure alignment with the requirements of AB-32. The shift from opposing a feedstock cap to recommending one without clear justification appears inconsistent with both scientific consensus and the goals of AB-32. This inconsistency may lead to increased greenhouse gas emissions (GHGs) and unintended market distortions.

Moreover, some interpret the cap to effectively lock out the producers of the lowest cost, lowest carbon intensity (CI) soybean oil-based biofuel, specifically soy methyl esters. These biofuels, often produced at biodiesel plants adjacent to soybean processing facilities, are a critical component of the renewable fuel industry. However, many

companies like AGP operating these soybean processing plants are not involved in the procurement and processing of non-crop-based oils, such as UCO and tallow, and focus exclusively on biofuels derived from soy. This cap could therefore disadvantage these producers, leading to higher fuel prices, poorer air quality, and an increased reliance on less sustainable feedstocks.

The proposed cap could inadvertently promote greater fossil fuel use and undermine the progress achieved in reducing carbon emissions and other pollutants through biomass-based fuels such as biodiesel and renewable diesel.

Sustainability Requirements & Guardrails

AGP recommends a more nuanced, risk-based approach to sustainability requirements, utilizing existing frameworks like the Renewable Fuel Standard (RFS). This approach would ensure that low-carbon feedstocks continue to play a significant role without hindering the growth and sustainability of the biofuels industry. U.S. farmers, who have been instrumental in displacing a substantial portion of California's fossil diesel with biodiesel and renewable diesel, would be adversely affected by these restrictions, potentially stalling the progress made in carbon reduction and air quality improvements.

We also express concern over the proposed traceability requirements for land use change and deforestation. In the U.S., where the risk of deforestation from crop-based feedstocks is virtually non-existent, we urge CARB to consider these feedstocks compliant with the proposed sustainability criteria without additional certification. Recognizing established sustainability systems like the RFS or the Soybean Sustainability Assurance Protocol (SSAP) would streamline compliance and align with existing regulations, maintaining high environmental standards while simplifying the process.

Outdated Scoring Methodology

AGP urges CARB to modernize its outdated scoring methodology for crop-based biofuels, particularly soy-based feedstocks, within the LCFS. Despite consistent advocacy from stakeholders up and down the supply chain, CARB has yet to revise the Global Trade Analysis Project model for biofuels (GTAP-BIO). This model does not reflect the significant advancements in sustainable farming practices, such as improved soil management, reduced water usage, and lower on-farm emissions, that have dramatically reduced the CI score of soybeans. Continued reliance on outdated data could lead to the premature phase-out of soy-based biofuels from LCFS credit generation, undermining the program's goals.

CARB's plan to update all major lifecycle emissions models except GTAP-BIO disregards the substantial progress made by the soy industry over the past two decades. The existing model assigns an inaccurate indirect land use change (ILUC) impact of 29.1 gCO2e/MJ to soy biomass-based diesel, while more recent data suggests a much lower value between 9 and 10 gCO2e/MJ. Additionally, the 40BSAF-GREET 2024 model used in federal programs indicates an ILUC score of 12.2 for soy-based sustainable aviation fuel (SAF). To ensure the LCFS delivers on its environmental promises, it is crucial that CARB updates its

modeling to reflect current data, particularly if it is serious about enforcing stringent sustainability guardrails and capping virgin vegetable oil feedstocks based on land use concerns. Accurate CI values are essential for realizing the full benefits of the LCFS.

Key Requests

1. **Reconsider the proposed cap on vegetable oil as a feedstock, ensuring decisions are based on current scientific evidence and consistent with AB-32 requirements.**
2. **Adopt a more nuanced, risk-based approach to sustainability requirements, leveraging existing frameworks like the RFS and SSAP to streamline compliance.**
3. **Update the GTAP-BIO model to reflect current sustainable farming practices and accurate CI scores, ensuring soy-based biofuels are fairly evaluated within the LCFS.**

Collaboration and Moving Forward

AGP's operations support over 1,100 employees and approximately 200,000 U.S. farmers across five states. While our soybean processing and biodiesel production footprint does not extend into California, our products significantly contribute to the state's biofuel supply chain and support employment throughout the region. Our commitment to sustainability is evident in the practices adopted by our cooperative members and their farmer owners, including climate-smart techniques that have helped reduce the carbon footprint of U.S. soybeans by 19% from 2015 to 2021.

We are eager to work collaboratively with CARB to ensure that American farmers, feedstock processors, and biomass-based diesel producers are recognized as valuable partners in California's LCFS program. To this end, we invite you and your team to visit one of our ten soybean crush facilities to experience firsthand the sustainable production and processing of U.S. soybeans. This visit could serve as a valuable opportunity to discuss how AGP and CARB can work together to enhance the effectiveness of the LCFS in achieving its environmental objectives through biomass-based fuels.

Thank you again for the opportunity to provide input and for considering our perspectives. We look forward to continuing this dialogue and working toward outcomes that expand the use of soy-based biofuels while supporting California's environmental and economic goals.

Sincerely,

Chris Schaffer
Chief Executive Officer and General Manager
Ag Processing Inc