August 27, 2024

RE: Comments on the 15-Day Changes to the Low Carbon Fuel Standard (LCFS)

Submitted electronically: <https://ww2.arb.ca.gov//lispub/comm/bclist.php>

California Air Resources Board,

Western Iowa Energy, LLC (WIE) appreciates the opportunity to provide comments on the 15-Day Changes to the Low Carbon Fuel Standard (LCFS). WIE has been a long-time supporter of, and participant/registered producer in, California’s climate and air quality improvement goals. Along with our membership in the California Advanced Biofuels Alliance (CABA) and Clean Fuels Alliance America (CFAA), WIE has consistently collaborated with CARB staff to advance these objectives.

We do commend the staff’s efforts throughout this rulemaking process, including holding workshops, attending meetings, and updating technical analyses based on our feedback. These efforts have been crucial in finding the right balance of feasibility, flexibility, and certainty needed for the LCFS to continue its success. WIE has invested considerable time working with CABA in educating staff on the intricacies of our industry, providing valuable insights into how staff’s proposals may impact WIE and our sector.

Yes, WIE is headquartered in Wall Lake, IA and our inputs are sourced in the Midwest and delivered to our production facility in Wall lake, IA. WIE’s ownership structure is made up of farmers and business people that are interested in growth for agriculture advancements and to bring more value to the farmers’ bottom line, however, WIE owns and operates a transloading/blending terminal in Watsonville, CA, so we also understand the need to provide cleaner air to breathe through emissions reduction and help reduce the number of asthma cases and many more positive aspects throughout our country. Soybean Oil and Canola Oil do just as good of job achieving both goals as a lower CI or waste oils & greases would. There is so much of it available that it too would be a waste product (as it once was prior to biofuels), if this short sightedness was adopted everywhere throughout the country. And, if these row crop ag derived products are limited on the percentages of the total that can be used for LCFS credits by each producing company it will arbitrarily send that product elsewhere, because those products will still be used for fuel in other areas of the country, if similar policies aren’t adopted. Also, a main concern of WIE’s is that this type of action could greatly increase the cost of the waste oils & greases, distiller’s corn oil & used cooking oil because there is a considerable volume disparity of these types of products compared to the availability of volume of product from soybean & canola Oil. This would make it difficult for biodiesel producing companies to compete for procurement of the lower ci feedstocks, completely due to this proposed cap of 20%. Vegetable oils are effectively "capped" already in the LCFS, not by explicit regulatory limits, but by the increasing CI targets and the lack of updated modeling in the Global Trade Analysis Project (GTAP). These factors naturally constrain the use of vegetable oils in biofuel production, as the higher CI targets push the industry towards lower-carbon alternatives. Without updated modeling in GTAP to reflect current market realities and advancements in agricultural practices, imposing further caps may be redundant and could stifle innovation. Instead, focusing on improving the accuracy of the models and encouraging sustainable practices through targeted incentives might provide a more effective balance between environmental protection, food security, and the promotion of renewable energy. The proposed 20% cap on BMBD is contrary to AB32, which mandates that CARB’s regulatory activities should not interfere with efforts to achieve and maintain federal and state ambient air quality standards and to reduce toxic air contaminant emissions. The limit could drive increased use of fossil fuels, which may have less favorable air quality impacts compared to renewable fuels. CARB’s modeling in the ISOR for the Proposed Changes projected fewer GHG emissions reductions and worse health outcomes due to increased PM2.5 levels from the use of fossil diesel instead of renewable diesel. The 20% cap, therefore, seems inconsistent with CARB’s mandate to protect air quality while achieving cost-effective GHG reductions.

WIE strongly supports the near-term increase in stringency to a 9% carbon intensity (CI) reduction from the 5% year-to-year increase included in the Initial Statement of Reasons (ISOR) proposal. The 9% step-down scenario provides the most certainty to rebalance the LCFS credit bank in the short term, as intended within this rulemaking.

WIE recommends that CARB convene a working group, including agricultural feedstock providers, feedstock processors, and biofuels producers, to develop workable sustainability guardrail provisions by the second quarter of 2025. This approach would facilitate meaningful public engagement consistent with the California APA.

The scope and magnitude of the proposed changes in this package leaves little time for proper analysis and to understand its long-term impact - comments are due by August 27th. The tardiness of this release also leaves little time to provide additional information to CARB before the Board votes to adopt these amendments at its November 8, 2024 meeting. The discussions over potential changes to LCFS have been going on for years yet these substantial changes are just now being proposed with only 3 months left in the process.

WIE urges CARB to reconsider the proposed caps on vegetable oils in the LCFS. These caps could inadvertently destabilize the carbon market in California by limiting the availability of a key feedstock for renewable fuel production at a time when consistent supply is crucial to meet the state's ambitious carbon reduction goals. By removing or revising these caps, CARB can help ensure that the rules governing the LCFS are both practical and conducive to market stability, thereby encouraging continued investment in clean energy technologies. Lastly, WIE encourages CARB to finalize rules in a timely manner that support a balanced and steady market and allow the industry to innovate and adapt, driving further reductions in greenhouse gas emissions while maintaining the economic viability of renewable fuels in California. This approach will ensure that the state's carbon market remains robust, supporting both environmental and economic objectives.

WIE appreciates the CARB staff for their continued efforts to strengthen the LCFS and provide the vision for the program to meet California’s carbon neutrality goals. Thank you for your consideration of these comments and hope for collaboration to advance California’s climate and air quality goals.

Sincerely,

Bradley D. Wilson
Western Iowa Energy, LLC - President