Nebraska Soybean Association 4435 "O" Street, Suite 210 – Lincoln, NE 68510 - 402-441-3239

April 21, 2025

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

Via Electronic Submission

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

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

The Nebraska Soybean Association appreciates the opportunity to comment on the proposed modifications (Third 15-Day Changes) to the Low Carbon Fuel Standard (LCFS) program. The Nebraska Soybean Association has welcomed engagement with the California Air Resources Board (CARB) and staff throughout this multi-year process to update the LCFS program.

The Nebraska Soybean Association serves as an organization that represents Nebraska soybean growers assuring sound policy and regulatory decisions are made that impact soybean growers. The Nebraska Soybean Association represents soybean producers in our state that produced 301 million bushels of soybeans in 2024. Nebraska is a state where roughly 33 percent of the acres are irrigated.

CARB's Third 15-Day Changes to revise the LCFS did not address our major concerns with provisions included in the final amendments approved by CARB. In addition to the new proposals in the Third 15-Day Changes package, the Nebraska Soybean Association (NSA) remains deeply concerned with the drastic and inequitable pivot CARB has made related to agricultural feedstocks used for biofuels. The NSA continues to encourage that updates to the LCFS program are based on up-to-date and sound science, as required by AB-32. Outlined below are our concerns and proposed solutions that will enable CARB to meet its climate goals, protect the environment and all Californians, while also supporting American soybean farmers and processors who are investing in the future of low-carbon energy.

Serious Feedstock Cap Concerns and Proposed Solutions

The Nebraska Soybean Association still has significant concerns with the vegetable oil feedstock cap that was included in the initial 15-Day Changes posted in August 2024. The current proposal restricts the amount of soybean oil, canola oil and sunflower seed oil that is allowed to generate credits in the program at an inequitable 20% by company. CARB's own data demonstrates that vegetable oil feedstocks, including soy, have consistently exceeded the proposed cap since 2021.

Capping these proven, sustainable, and scalable feedstocks would suppress the supply of renewable diesel, increase reliance on fossil fuels, and raise fuel prices for California consumers. Even CARB staff acknowledged in the April 2024 workshop that a cap would reduce air quality benefits and likely increase NOx and PM2.5 emissions. All of this, including the recent tariffs on imported feedstocks greatly increase costs and further substantiate U.S. based feedstocks as the clear-cut choice. The Nebraska Soybean Association urges CARB to remove the cap on U.S. based vegetable oil feedstocks to provide a more economically feasible, locally produced and sustainable, climate smart option for the people and the planet.

Agricultural feedstocks for biofuel production are already held to a high standard for participation in the U.S. Renewable Fuel Standard (RFS). Rather than adding sustainable U.S. based feedstocks to its arbitrary proposed cap, CARB needs to update carbon intensity analysis and oversight of imported feedstocks, which are not held to the same level of accountability. Recent actions by the European Union in response to fraudulent Chinese biodiesel imports underscore this concern[1]. The EU committee recently met at the request of a member state to discuss alleged fraud in biodiesel imports from China. Fraud continues to be an issue with imported feedstocks and needs to be addressed further. NSA strongly encourages CARB to adopt enforceable traceability and verification standards, including origin disclosures, documentation audits, and physical testing. Without implementing sustainable solutions to the above and not eliminating a cap on U.S. vegetable oil feedstock, CARB is essentially putting the feedstocks from foreign countries (i.e., China) above those of the United States.

Sustainability Guardrails and Traceability Concerns

The Nebraska Soybean Association remains very concerned about the sustainability guardrails. The sustainability guardrails are more onerous than the specified source requirements used for non-U.S. waste feedstock imports. Palm oil in Southeast Asia has had forced labor concerns[2], but CARB does not require used cooking oil derived from palm to track social or economic sustainability. Concerningly, petroleum does have to track these criteria. CARB's proposal makes it administratively easier to use non-sustainable petroleum[3] in the state than biofuels that have lower carbon intensity (CI) scores and are produced from sustainable feedstocks grown in the United States. Land use change is already captured in the indirect land use change (ILUC) score, which still makes it unclear what actual purpose the guardrails serve.

[1] EU industry demands answers as 'fraudulent' Chinese biofuels continue to flow - Euractiv
[2] https://apnews.com/article/virus-outbreak-only-on-ap-indonesia-financial-markets-malaysia-7b634596270cc6aa7578a062a30423bb
[3] https://www.frontiersin.org/journals/public-health/articles/10.3389/fpubh.2022.858512/full

If CARB insists on agricultural feedstock traceability, then it should reward sustainable practices beyond what is already assumed in the lifecycle analysis (LCA). The U.S. Department of Agriculture (USDA) has developed a tool to quantify the CI reductions for no-till, cover crops and nitrogen inhibitors. Considering this integral information, the carbon intensity of soy-based biofuels could improve through the mentioned climate smart ag practices on the field where the soybeans were produced. Other farming practices like low-till, nutrient management, enhanced efficiency fertilizers, buffers, wetland and grassland management, tree planting on working lands, planting for higher carbon sequestration, and soil amendments all could and should be accounted to assign a lower CI score to an agricultural feedstock. USDA already tracks all these practices through several of their managed conservation programs. In addition, there are a variety of other practices that scientifically lower the CI score of soybean feedstocks for biofuels, and USDA is actively working to develop mechanisms to account for those. If CARB insists on tracing feedstocks back to the farm, then it should also acknowledge when those feedstocks are produced with lower CI practices.

Moreover, USDA has recognized the CI reduction benefits of certain sustainable or climate-smart practices for the purposes of clean fuel transportation programs and is undertaking a rulemaking process to develop final guidelines for the quantification of these practices. Through planting decisions, soil management, and other practices, soybean farmers can continuously reduce environmental impacts. In addition, some soybeans are double cropped meaning they are grown as a secondary crop following a primary crop within a growing season. They are not displacing other crops or land uses. Double-crop soybeans should be eligible to have the ILUC component of the CI score removed or at least shared with the other crop in the rotation. NSA proposes the aforementioned issues to be solved by proactively addressing via a CARB ILUC modeling work group as soon as possible.

Modernized, Accurate, Climate Smart Carbon Intensity Modeling and Scoring

The Nebraska Soybean Association remains concerned that without a comprehensive update to the Global Trade Analysis Project model for biofuels (GTAP-BIO) that CARB utilizes, U.S. soy-based feedstocks will be phased out of the LCFS even without the additional limitations included in the Second and Third 15-Day Changes. Current data indicates a much lower CI score for U.S. soybeans, as growers continue to improve soil

practices, limit water use, lower on-farm emissions and more. CARB is recommending stringent sustainability guardrails for U.S. soy but is still on track to likely phase-out U.S. soy-based biofuels from credit generation by approximately 2035 or sooner.

As CARB looks to develop a more aggressive auto acceleration mechanism to reach CI reduction benchmarks sooner, using outdated methodologies will only limit the output of actual improvement over time in terms of emissions reductions. As CARB updates all other major lifecycle emissions models through this rulemaking, NSA once again urges action to update the GTAP-BIO model so that the most current, climate smart and science-based data may be used to determine carbon intensity reductions. The reasoning and sources indicated in the Third 15-Day Changes do not address this concern and need to be revised to ensure accuracy. NSA proposes this issue to be solved by proactively addressing via a CARB ILUC modeling work group as soon as possible.

Equitable Entities Eligible to Apply for Fuel Pathways

The Nebraska Soybean Association is very concerned about CARB's decision to give the Executive Officer authority to stop accepting new pathways for biomass-based diesel starting in January 2031. The Nebraska Soybean Association does not understand how this benefits the LCFS. Under AB-32, CARB must under statute minimize costs and maximize GHG reductions. It is unclear how this is served by rejecting new pathways. In fact, the LCFS is best served by allowing the most available and equitable pathways. If these pathways cannot achieve cost-effective GHG savings, they will not be utilized by the market in the LCFS. In essence, an increase in pathways can only serve to improve GHG benefits in California. Singling out a single fuel for prejudicial treatment is baffling given the goals of the LCFS and the authority that establishes it. NSA urges CARB to continue to allow equitable pathways forward with no date of denial.

Recommended Climate Enhancing Solutions for CARB

As CARB finalizes its update to the LCFS, the Nebraska Soybean Association recommends several actions that will likely prevent an increase in fossil diesel use, improve carbon intensity calculations, and improve market access for sustainable U.S. agricultural feedstock providers.

First, CARB should not apply the vegetable oil feedstock cap proposal to U.S. feedstocks. As noted, these feedstocks are already subject to federal guardrails to ensure production on land not converted since 2008. The RFS was designed specifically to prevent land conversion for biofuel production, and USDA data shows a decrease in farmland over the same period.

Second, CARB should convene an expert working group to consider issues related to the sustainability provisions and indirect land use change (ILUC). The Nebraska Soybean Association recommends that this expert working group convene before the end of 2025 and provide recommendations by the end of Fall 2026.

Third, NSA retains strong concerns about the ability of supply chains to comply with the sustainability guardrails. If CARB does move forward with the guardrails, they must reconsider its proposed sustainability requirements to allow soybean growers the opportunity to participate in the California biofuels market through innovative and climate smart agriculture practices. If traceability can be used to show additional benefits in CI scoring, CARB must look to programs already developed through farmer input and provide improved scoring for feedstocks that employ sustainability practices to minimize the changes in comparative costs (i.e., USDA accredited programs and practices). CARB should work with USDA to develop an aligned scheme to quantify climate-smart agricultural practices for the purposes of biofuel feedstocks. USDA has already engaged with CARB regarding this project, which could be applied to the work that CARB is doing on traceability and carbon quantification of agricultural biofuel feedstocks.

Lastly, CARB must undertake a comprehensive update of the GTAP-BIO model for soybean oil used in biofuel production. Without using the most up-to-date and accurate data, CARB is doing a disservice to the U.S. feedstock producers and California's citizens by calculating carbon intensity scores not rooted in current facts. Through CARB's own analysis we know prejudicial feedstock treatment will lead to more emissions in the California transportation sector, harming the environment.

Concluding Thoughts/Pathway Forward

The Nebraska Soybean Association is encouraged by the continued successes of programs that support the development of cleaner, low-carbon fuels. However, it is critical that CARB finalizes updates in a way that equitably include U.S. agricultural feedstocks through policies that are science-based aligning with the most up to date information as well as promoting the sustainability of U.S. based products and businesses; including the elimination of capping on U.S. vegetable oil feedstocks and applying sustainability guardrails that are economically feasible for farmers while rewarding their practices that lower CI.

CARB's Third 15-Day Changes did not address any of the fundamental issues raised by the Nebraska Soybean Association in the First and Second 15-Day Changes and fails to acknowledge the potential unintentional consequences of a feedstock outlined by its own employees in previous discussions. CARB is required under the law to achieve the maximum technically feasible and cost-effective reductions in greenhouse gas emissions. The most recent 15-Day Changes show a lack of willingness to achieve the statutory obligations set forth in AB-32 and neglect modernized, climate smart, science-based solutions, ultimately disregarding the protection of U.S. based feedstocks, the people, and the planet. The Nebraska Soybean Association also asks that CARB respond in writing to further substantiate their decisions regarding our concerns expressed in this letter. We look forward to your written responses as a state regulatory body, whose responsibility is to protect its' citizens and the environment by providing transparency on decisions made for those of impact.

The Nebraska Soybean Association is eager to continue working with CARB to support the role of agriculture in diversifying the fuel supply while reducing carbon intensity and increasing clean air in California and beyond. On behalf of U.S. soybean farmers, we appreciate the opportunity to comment and look forward to collaborating with CARB and other relevant stakeholders on implementation of policies that expand the use of U.S. soy-based biofuels and market opportunities for U.S. soybean farmers.

Sincerely,

Kent Grotelueschen, President
Nebraska Soybean Association