



**MAIN OFFICE**  
1108 Trinity Ln  
Bloomington, IL 61704  
P 309-663-7692

**LOMBARD OFFICE**  
100 22<sup>nd</sup> St, Suite 102  
Lombard, IL 60148  
P 309-663-7692

info@ilsoy.org  
ilsoy.org

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

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, ISA remains deeply concerned with the drastic and inequitable pivot CARB has made related to agricultural feedstocks used for biofuels. ISA 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**

ISA 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. The cap would send a market signal to continue to import feedstocks that come from questionable sources. ISA 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<sup>1</sup>. 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. ISA 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**

ISA 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<sup>2</sup>, 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<sup>3</sup> 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.

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<sup>1</sup> EU industry demands answers as 'fraudulent' Chinese biofuels continue to flow - Euractiv

<sup>2</sup> <https://apnews.com/article/virus-outbreak-only-on-ap-indonesia-financial-markets-malaysia-7b634596270cc6aa7578a062a30423bb>

<sup>3</sup> <https://www.frontiersin.org/journals/public-health/articles/10.3389/fpubh.2022.858512/full>

## **Equitable Entities Eligible to Apply for Fuel Pathways**

ISA 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. ISA 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. ISA 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, ISA 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). ISA recommends that this expert working group convene before the end of 2025 and provide recommendations by the end of Fall 2026.

Third, ISA 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.

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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**

ISA 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 ISA 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. ISA 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.

ISA 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,

A handwritten signature in black ink that reads "Ron Kindred".

ISA Chairman Ron Kindred