



## **Dairy Cares Comments on 2022 Scoping Plan Update Scenario Modeling Assumptions.**

**October 22, 2021**

Dairy Cares appreciates the opportunity to provide the following comments to the California Air Resources Board (“CARB”) on the September 30, 2022 Workshop on Proposed Pathways Scenario Modeling Assumptions.<sup>1</sup> Dairy Cares represents the California dairy sector, including dairy producer organizations, leading cooperatives, and major dairy processors.<sup>2</sup> Dairy Cares appreciates the ARB staff’s efforts to create a robust public process for the Scoping Plan, including multiple opportunities for public comment on the inputs and scenario development for the PATHWAYS modeling supporting the 2022 Scoping Plan.

The CARB Workshop presentation identified four modeling scenarios the State could employ to reach carbon neutrality by 2045, or earlier. These comments recommend:

- (1) The ARB should focus on scenarios that will ensure that the State achieves the statutory requirements for short lived climate pollutant (“SLCP”) targets (SB 1383).
- (2) For each scenario, the ARB should provide analysis of international and domestic emissions leakage risks compared to the other scenarios.
- (3) If the ARB studies alternatives that would accelerate SLCP actions, its analysis should be accompanied with the ARB’s recommendations for funding needed to facilitate voluntary reductions.
- (4) Dairy Cares continues to recommend that the ARB study how dairy biogas can provide a short-term hedge against longer term CO2 climate impacts due to the immediate effect reducing SLCP emissions can have on the climate.<sup>3</sup>

---

<sup>1</sup> See ARB, Proposed PATHWAYS Scenario Modeling Assumptions (Sept., 30, 2021), available at: [https://ww2.arb.ca.gov/sites/default/files/2021-09/Draft\\_2022SP\\_ScenarioAssumptions\\_30Sept.pdf](https://ww2.arb.ca.gov/sites/default/files/2021-09/Draft_2022SP_ScenarioAssumptions_30Sept.pdf)

<sup>2</sup> For more information about Dairy Cares, please visit [www.dairycares.com](http://www.dairycares.com).

<sup>3</sup> See Dairy Cares comments on SLCP workshop (Sept. 22, 2021), available at: <https://www.arb.ca.gov/lists/com-attach/21-sp22-slcps-ws-VyRXMIQ6UHMAbwRq.pdf>

## **Introduction**

The selection and evaluation of Scenarios is governed by the statutory language of Section 38561 of the Health and Safety Code. That Section directs the ARB to study “the maximum technologically feasible and cost-effective reductions in greenhouse gas emissions.” The selection of scenarios should be guided by the need to inform the Board’s decision making about both technical feasibility and cost effectiveness. By setting a cost effectiveness standard, the Legislature intended for CARB to focus on scenarios that would minimize costs. In other words, the requirement to study technical feasibility means the ARB should only study scenarios that provide information about technically implementable alternatives to reducing GHG emissions. In order to avoid emissions leakage risks, any such strategies must also be commercially available to in-state businesses.

## **Discussion**

### **1. Scenario 1 Would Not Achieve the Statutory Objectives of SB 1383.**

The ARB should evaluate the scenarios based on the consistency of each scenario with other laws, particularly statutes setting governing other ARB rules or programs, such as SB 1383. Like AB 32, SB 1383 also has a similar technical feasibility and cost effectiveness standard.<sup>4</sup> No scenario should pose a barrier to implementing another law, such as SB 1383. Alternative 1 would pose barriers to compliance with SB 1383. Alternative 1 would assume “no additional land fill or dairy digester methane capture.” In doing so, Alternative 1 will pose a barriers to the achievement of SB 1383 because it will preclude the use of technically feasible and cost effective SLCP emission reduction strategies. Digesters are a core voluntary compliance strategy under SB 1383. The ability to make productive use of dairy biogas is what will ensure that the state can meet its SLCP reduction efforts, while also minimizing leakage. Scenario 1 is therefore not technologically, economically or politically feasible because Scenario 1 results in significant leakage out-of-state. Dairy Cares therefore does not support further consideration of scoping plan scenarios that preclude achievement of the 40% methane reduction goal under SB 1383 or other statutes.

### **2. The ARB Should Develop PATHWAYS TO Provide Information About Relative Domestic and International Leakage Impacts of the Scenarios.**

Dairy Cares is concerned that Scenario 1, if achieved through mandatory reductions, would cause massive economic loss, particularly in California’s agricultural sector. The imposition of leakage risks would represent a policy direction that is contrary to California’s global leadership on climate change issues. If California’s policies result in significant leakage and economic losses in California, then other national and sub-national jurisdictions will not follow

---

<sup>4</sup> Cal Health and Safety Code Sec. 39730.5.

California's example. It is important the scenarios enable informed decision making on this topic through data on associated GDP impacts specific to certain sectors like agriculture. Emissions displaced in other states or globally should be well understood by the Board.

### **3. The ARB Should Provide Recommendations for Funding to Facilitate Near-term Climate Reductions With the Biggest Impact on Climate Change.**

The ARB should focus on Scenarios that achieve statutorily mandated 2030 standard (SB 32), the 2045 standard for the electricity sector (SB 100), and the SLCP requirements of SB 1383. Scenarios that are more aggressive than the statutorily mandated planning requirements should only be considered as informative. The data generated by informative scenarios in the 2022 Scoping Plan should be used to inform funding recommendations that may be included in the text of the Scoping Plan.

The Draft *Analysis of Progress toward Achieving the 2030 Dairy and Livestock Sector Methane Emissions Target* ("the Analysis") recently released by CARB shows that the dairy sector is projected to achieve significant additional reductions toward the SB 1383 target by 2030 through modifications to manure management systems - primarily using anaerobic digesters - and additional reductions through decreases in animal populations.<sup>5</sup> Manure management projects completed or in development are already projected to account for more than 2 MMTCO<sub>2</sub>e of reductions annually.

The Analysis also shows that herd population reductions are expected to annually account for an additional 2 MMTCO<sub>2</sub>e of reduction by 2030. Achieving additional reductions will require the dairy and livestock sector to implement additional manure management projects and proven enteric mitigation strategies over the next few years. The ARB's desired target of 9 MMTCO<sub>2</sub>e reduction cannot be met without significant State and/or federal funding and incentives. Ensuring availability of incentives in the near-term is particularly important in light of this fact. The state should not broaden the SLCP targets before it is clear it can be achieved and there is appropriate funding available.

Finally, Dairy Cares supports the ARB's inclusion of voluntary enteric emission reductions. SB 1383 directs "incentive-based mechanisms" for reducing enteric emissions.<sup>6</sup> It is important that in one or more of the Alternatives the ARB account for the opportunity for California cap-and-trade offset credits, or other registries to help fund voluntary enteric emission strategies.

### **Conclusion**

Dairy Cares appreciates the opportunity provide these comments and supports CARB's efforts to facilitate the climate benefits associated with voluntary dairy methane emission reductions in the near-term.

---

<sup>5</sup> CARB Draft *Analysis...*, p. ES-2, available at: <https://ww2.arb.ca.gov/sites/default/files/2021-06/draft-2030-dairy-livestock-ch4-analysis.pdf>

<sup>6</sup> Cal. Health and Safety Code Sec. 39730.7(f).