

**CALIFORNIA CATTLEMEN'S ASSOCIATION
CALIFORNIA FARM BUREAU FEDERATION
CALIFORNIA ASSOCIATION OF WINEGRAPE GROWERS
CALIFORNIA GRAIN AND FEED
PACIFIC EGG AND POULTRY
CALIFORNIA SEED ASSOCIATION
CALIFORNIA WAREHOUSE ASSOCIATION
CALIFORNIA STATE FLORAL ASSOCIATION
CALIFORNIA PEAR GROWERS ASSOCIATION
CALIFORNIA BEAN SHIPPERS ASSOCIATION**

4/17/2009

Ms. Mary Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Dear Ms. Nichols:

The undersigned organizations appreciate the opportunity to comment on the proposed adoption of the Low Carbon Fuel Standard (LCFS). These organizations represent California farmers, ranchers and agricultural support services who are committed stewards of our land and natural resources and who support efforts to develop a sustainable fuel supply.

California agriculture plays a key role in providing a sustainable food supply and meeting a portion of our transportation fuel needs. California farmers are developing cropping systems that include biofuel crops such as mustard, canola, sweet sorghum and sugar cane. Tree, vine and timber producers are marketing residual biomass into the renewable energy sector. Rice growers continue to search for economic uses for rice straw they are no longer burning in the field. Seed and other agricultural biotechnology companies are partnering with research institutions including the University of California to develop energy crops for California conditions that will enhance the economy and the environment. ARB's work in developing an analytical methodology to quantify direct greenhouse gas emissions from a multitude of fuel pathways using transparent and verified data sets is in stark contrast to the methodology used to estimate, let alone quantify, emissions due to market mediated, indirect land use conversion.

A recent letter signed by over 100 scientific experts from universities and national labs across the country, including members of the National Academy of Sciences, makes a compelling case for fully understanding the implications and basis for an "indirect" land use penalty against biofuels. The use of agricultural economic models such as GTAP must be carefully applied to new situations and must be

thoroughly validated against real world data. Assumptions used in such modeling exercises must be completely transparent and readily available. As you are well aware, global commodity markets are extremely complex and it is difficult to ferret out direct causal relationships. Given the recent scientists' letter, it seems clear that there is a lack of scientific consensus and understanding regarding "indirect" effects for all fuels and that the model being used has not been validated and tested against real world data.

Collectively, we are concerned that the use of the indirect land use policy and GTAP model to shape the proposed LCFS regulations may have lasting consequences on future agricultural land use, economic and climate change policies. The notion that the agricultural production of crops and livestock in the United States has a significant bearing on cropping patterns in other countries remains highly debated in both concept and protocols that should be used to accurately measure or quantify emission impacts based on indirect land use changes.

As one example, farmers and ranchers have been the target of an indirect land use model used inappropriately and improperly by the United Nations Food and Agriculture Organization in the publication of *Livestock's Long Shadow* (LLS). In essence, the report looks at general environmental impacts of global livestock production and notably its perceived contribution of greenhouse gas emissions. LLS project's that worldwide livestock production accounts for roughly 18% of global greenhouse gas emissions, which is greater than global emissions from the transportation sector.

Looking at the specific breakdown of emissions, the majority is attributed from secondary land use change, specifically deforestation in Brazil and Indonesia. However, the report is vague and assumes that livestock production is relatively the same throughout the world and applies the indirect land use model and the associated emission impacts broadly.

The assumptions in LLS have little applicability to U.S. production practices as U.S. livestock producers do not clear cut forests to construct livestock facilities or pasture as most U.S. livestock production takes place in the arid west and Great Plains. However, the report has been cited on numerous occasions to represent emissions of U.S. livestock production by government agencies, consumer groups and activist organizations. Conversely, little or no discussion takes place on the relevancy of U.S. production practices to the indirect land use change emission estimates projected in LLS.

LLS is just one example of how poorly translated science specifically related to indirect land use change can significantly impact one sector of agriculture. We are concerned that if the ill conceived indirect land use portion of the LCFS is adopted, this model will be applied inappropriately and broadly to other state policies regulating land use or environmental impacts.

Efforts are already underway by the Governor's Office of Planning and Research to amend the California Environmental Quality Act (CEQA) guidelines to measure a project's expected carbon footprint prior to project approval and require mitigation measures if the footprint exceeds a predetermined threshold. Anthropogenic emissions and emissions associated with direct land use change, e.g. converting forests or rangeland which are sinks to a carbon source, can be measured accurately using current scientific methods. However, applying an indirect land use model to the CEQA permitting process would present

significant challenges to those seeking or requiring a permit and could require industry to unjustifiably constrain production due to emissions perceived to be associated with indirect land use change.

The staff report states that 25 new biorefineries could be built in California to produce the lower carbon-intensity fuels. Having direct experience with air permitting requirements, social justice issues and having worked with entities that have been unable to permit new biorefineries; we remain extremely skeptical of this staff determination and its projected ability to help meet LCFS standards.

Agriculture requires an affordable and reliable supply of fossil fuels, notably diesel fuel, to grow food and fiber for California, the nation and the world. We are concerned that the same flawed science used for gasoline will be used for the diesel indirect land use estimates that have yet to be fully understood. As stated in the staff report, indirect land use estimates for biodiesel were calculated using GTAP, but not included in the LCFS Lookup Table because the data is too preliminary. When further analysis is completed, the diesel indirect land use estimate will be published for public comment and proposed for certification. If the extra time is being given to make sure these biodiesel estimates are right, why does CARB feel impelled to rush to approve the indirect land use values for gasoline substitution when there has been widespread criticism of the assumptions and credibility of using the GTAP model for this purpose?

The California agricultural community complies with air and water quality regulations that are required nowhere else in the world. Farmers and ranchers are in the process of replacing and upgrading their irrigation pumps, on-road diesel trucks and soon will need to replace their tractors. Our markets have diminished because of the economic downturn and our water supply is severely threatened. We want to stay competitive and provide nutritious food and fiber in a sustainable manner. Diesel is the lifeline to agricultural production and the cost of this key input should not be dictated by single-state policy that is put in place before it is thoroughly analyzed and reviewed

We suggest that the secondary land use component of the proposed LCFS be reviewed further and resubmitted to the board when the biodiesel indirect land use review is complete. This will allow more transparent review of the GTAP model, data and assumptions. Since this is the first time an indirect land use model will be codified in a regulatory policy, ARB should make every effort to ensure that the indirect land use model is backed by good and reliable science and does not inappropriately establish a precedent for other state regulatory policies and increase the price of fuel with minimum greenhouse gas emission reductions.

With so much national attention on this particular policy, it is critical that California gets it right. A balanced, science-based LCFS could potentially reduce our dependence on petroleum, mitigate climate change and bring new opportunity to the agricultural sector. However, an asymmetrical and rushed LCFS based on untested preliminary modeling could exacerbate our dependence on petroleum fuel, stifle innovation in the renewable fuel and agricultural sectors and delay reductions in climate change emissions.

Once again, thank you for the opportunity to comment on the proposed LCFS regulations and do not hesitate to contact any of the associations listed below should you have any questions.

Sincerely,



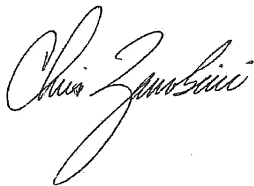
Tom Talbot, DVM, President
California Cattlemen's Association



Doug Mosebar, President
California Farm Bureau Federation



Karen Ross, President
California Association of Winegrape Growers



Chris Zanobini, Executive Officer
California Grain and Feed
California Seed Association
California Warehouse Association
California State Floral Association
California Pear Growers Association
California Bean Shippers Association



Debbie Murdock, Executive Officer
Pacific Egg and Poultry

CC: Bob Gore, Deputy Cabinet Secretary, Office of Governor Arnold Schwarzenegger
CC: Cindy Tuck, Undersecretary, California Environmental Protection Agency