



OHIO SOYBEAN
ASSOCIATION

May 10, 2024

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Via electronic submission

Re: Comments on April 10 Low Carbon Fuel Standard Workshop

The Ohio Soybean Association appreciates the opportunity to provide comments in response to the April 10 Low Carbon Fuel Standard (LCFS) workshop. The Ohio Soybean Association (OSA) is an affiliate of the American Soybean Association (ASA) and welcomes the chance to engage with the California Air Resources Board (CARB) regarding its most recent workshop.

The Ohio Soybean Association represents Ohio soybean farmers on domestic and international policy issues important to the soybean industry. Our organization represents thousands of Ohio producers and provides leadership for Ohio's soybean farmers in promoting effective policies and legislation to ensure a growing and profitable soybean industry. U.S. soybean growers have long been committed to producing the world's food, feed, fuel, and thousands of bioproducts in a sustainable and climate-smart way.

As CARB revises and refines provisions in the Initial Statement of Reasons (ISOR) package, we at Ohio Soybean Association are pleased to expand upon ASA's comments provided during the April 10 workshop. Of highest importance is ensuring that sustainability guardrails are workable for the soybean growers. Additionally, OSA requests that CARB update soybean land use change modeling that uses 20-year-old data and does not reflect current growing practices.

Positive Workshop Outcomes

The Ohio Soybean Association appreciates much of the work that CARB staff highlighted in the April 10 workshop and appreciate CARB providing significant opportunities for engagement. It's clear, liquid fuels will continue to be needed in the transportation sector in California for at least the next decade, and OSA believes the role of soy-based biofuels to lower emissions in today's remaining liquid fuel market is vitally important to help mitigate the impacts of climate change.

We appreciate that CARB explored soybean oil price volatility in recent years and determined that it was not the result of domestic biofuels policy, but instead the result of several factors, including the war in Ukraine, weather, and other market disruptions. Further, CARB dispelled arguments that use of soybean oil for biofuels was impacting food prices and called this argument a "misleading representation" of the interaction between food and fuel.

The Ohio Soybean Association also appreciates CARB's additional attention on waste feedstock integrity. Imports of these feedstocks, especially used cooking oil, have exploded in the past

couple of years due to incentives in California's LCFS. During much of this period, used cooking oil (UCO) was worth more than virgin palm oil. The increase in U.S. imports of UCO occurred after the EU started investigating fraud allegations as much of the trade was rerouted to the North American market. Ohio Soybean Association encourages CARB to verify the integrity of imported UCO used in the LCFS.

Sustainability Guardrails: Exploring Additional Options

While CARB had mentioned sustainability guardrails broadly before, this workshop was the first time that staff detailed potential sustainability measures required for agricultural feedstocks. Ohio Soybean Association understands that CARB must balance liquid fuel market demands with environmental sustainability goals in California. However, we believe that it is important to work with the biofuels value chain to develop an outcome that is economically and logistically viable for the industry.

Unfortunately, the information provided in the ISOR and presented in the April 10 workshop offer limited explanation as to why sustainability guardrails are required for agricultural feedstocks. It is not clear what risks remain that must be addressed. If CARB insists that sustainability criteria for agriculture must be met, it should 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. Based on the criteria outlined in the workshop and proposed third-party audit scheme, Ohio Soybean Association finds the proposal problematic.

Aligning Sustainability Guardrails with Federal Initiatives

The recent tax guidance¹ for sustainable aviation fuel (40B) released by the Internal Revenue Service and Department of Treasury offers insights as to how CARB could offer improved scoring for feedstocks grown employing Carbon Smart Agriculture (CSA). The 40B tax credit uses a new GREET methodology (40BSAF-GREET 2024), which shows soybeans offer a 55% emissions reduction, and can improve an additional 5% using limited CSA. The U.S. Department of Agriculture's Climate Smart Agriculture Pilot Program is currently collecting a myriad of outcomes-based data on agricultural improvements from farmers using CSA. Rather than penalizing agricultural feedstocks through an onerous audit system, CARB should consider providing additional emissions reductions to feedstocks employing CSA.

In January, a new Clean Fuel Production Credit (45Z) will go into effect, which we hope will build on the cover crops and no till practices included in 40B. Conservation tillage, crop rotations, sustainable inputs, precision agriculture, and other practices all help produce a more sustainable soybean. Acknowledging the work being done throughout U.S. soybean fields will ensure that CARB does not restrict sustainable feedstocks from its fuel portfolio.

A Critical Need for Stakeholder Engagement

Any agricultural sustainability criteria that CARB establishes will have significant impacts on how the soy industry and biofuels value chain operates. Hosting one workshop that included sustainability concepts did not provide enough of an opportunity for stakeholder engagement on this topic. Ohio Soybean Association supports ASA's request that CARB convene a working

¹ Department of Treasury and Internal Revenue Service. Notice 2024-37.

group of industry stakeholders before finalizing sustainability criteria to ensure that the logistical limitations and financial impacts that could result from this policy are properly considered.

We encourage CARB to convene a working group that includes agricultural feedstock providers, feedstock processors, and biofuels producers to help develop any sustainability provisions that they would be required to implement. This working group should endeavor to flesh out workable sustainability guardrail provisions that CARB can implement by the second quarter of 2025. This would ensure that CARB develop a solution that does not unintentionally limit sustainable lipid-based feedstocks through onerous reporting requirements, while allowing CARB to continue to focus on implementation of the rest of the LCFS update by the end of 2024.

Updating Modeling for Soy Oil Feedstocks

Ohio Soybean Association is also concerned that without a comprehensive update to the GTAP-BIO that CARB utilizes and that relies on 20-year-old data, soy-based feedstocks will be phased out of the LCFS, even though current data indicates a much lower carbon intensity (CI) score.

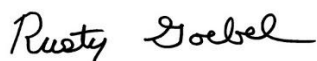
As mentioned above, the soy industry has made vast improvements in sustainability and efficiency over the past two decades, but CARB continues to rely on a 2014 model that uses data from 2004. The ILUC score accounts for half or more of the CI score for soy-based biofuels. The recently released 40BSAF-GREET 2024 model has an ILUC score of 12.2 for soy-based sustainable aviation fuel in federal programs, much lower than the model used by CARB. The benefits of the LCFS can only be achieved if CI values are accurately captured. If land use change concerns are large enough to justify sustainability guardrails, then the modeling should also be updated to reflect current land use change data.

Conclusion

Ohio Soybean Association is encouraged by the continued successes of programs that support the development of cleaner, low-carbon fuels. California's LCFS has in turn supported rural economies that support the soy value chain. We appreciate the work that CARB has done to update and improve the LCFS. However, it is critical that CARB finalizes updates in a way that does not arbitrarily exclude agricultural feedstocks through onerous sustainability guardrails developed without the input of growers.

The Ohio Soybean Association is eager to continue working with CARB to support the role of agriculture in diversifying the fuel supply and supporting cleaner fuel options in California and beyond. On behalf of Ohio 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 soy-based biofuels and market opportunities for soybean farmers.

Respectfully,



Rusty Goebel
President, Ohio Soybean Association