



May 10, 2024

California Air Resources Board

1001 I Street

Sacramento, CA 95814

Via electronic submission

Re: April 10 Low Carbon Fuel Standard Workshop

The Iowa Soybean Association appreciates the opportunity to provide additional comments in response to the April 10 Low Carbon Fuel Standard (LCFS) workshop. It was a welcome opportunity to join staff and stakeholders for the in-person workshop. We encourage CARB to continue providing opportunities for in-person interaction.

The Iowa Soybean Association represents Iowa's over 40,000 soybean farmers. The Iowa Soybean Association is a grower driven organization with a vision to advance the long-term competitiveness of Iowa soybean farmers by delivering those farmers opportunities to thrive. This includes delivery of programs to increase the productivity and sustainability of thousands of Iowa farms while helping to build markets domestically and globally. We are committed to delivering improved productivity, profitability and sustainability of the Iowa soybean cropping system.

Iowa is the number two producer of soybeans in the United States and supports the nation's largest fleet of biodiesel plants at an annualized capacity of approximately 400 million gallons a year. Iowa is also home to a large share of the country's soybean processing industry capable of crushing approximately 1.6 million bushels of soybeans per day.

As CARB seeks to revise the provisions in the Initial Statement of Reasons (ISOR) and draft regulation, Iowa Soybean Association would like to highlight three remaining areas of concern for CARB Staff:

1. Proposed Crop-Based Biofuel Sustainability Guardrails
2. Indirect Land Use Change
3. Waste-based Feedstock Carbon Intensity Methodology

Sustainability Guardrails: Exploring Additional Options

Iowa Soybean Association appreciates the extensive analysis staff completed regarding the use of renewable diesel and biodiesel in the LCFS program. We agree with the staff's findings that reducing the usage of biomass-based diesel will likely lead to replacement with fossil diesel, given the elusive nature of heavy-duty zero-emission vehicles. Additionally, we agree with staff that if additional guardrails are deemed necessary by the board, a flat cap on a broad category of feedstock (lipids) is not in the interest of CARB, California citizens, the renewable energy industry, or the freight sector.

However, in its current form we remain opposed to CARB's feedstock certification proposal. As it is currently proposed, the certified feedstock attributes go far beyond the scope of the current and likely long-term trajectory of the program. Not only are many of the proposed certification requirements beyond the scope of calculating carbon intensity, but they are also inappropriate for the U.S. given the numerous local, state, and federal laws American farmers operate under relative to their peers in less developed countries. Again, if additional guardrails are deemed necessary by the board, we implore CARB to consider taking a more risk-based approach which



recognizes farmers operating under the laws of the United States are significantly less likely than those in other parts of the world to engage in farming practices that result in land conversion.

Specifically, we encourage CARB to reconsider what data would be necessary to achieve their goal of “...reduc[ing] the risk that rapid expansion of biofuel production and biofuel feedstock demand could result in deforestation or adverse land use change...” stated in the ISOR released in December of 2023.¹ It is our belief that data required to meet the narrow goal stated in the ISOR is as simple as existing field boundaries. This data American farmers submit annually to the federal government to certify their crops and acres to be eligible to enroll in numerous USDA programs. Rather than create a new, costly, and burdensome system of verification, we encourage CARB to utilize existing, high-quality, low-cost federal government data through a data sharing agreement.

When CARB staff make the decision to finally allow farmers to participate more fully in the LCFS, such as through a climate smart agricultural system, then it may be appropriate to collect some of the additional data points contemplated in the draft regulation to validate unique carbon intensity scores.

Updating Modeling for Soy Oil Feedstocks

Iowa Soybean Association remains concerned with CARB’s protracted use of outdated Indirect Land Use Change (iLUC) modeling runs. With the current penalty in place, soy-based feedstocks will be phased out of the LCFS in less than a decade, potentially sooner depending on the auto acceleration mechanism. This is highly concerning because on the one hand CARB is recommending stringent sustainability guardrails for U.S. soy, but on the other hand is still on track to phase-out soy-based biofuels from credit generation by approximately 2035 or sooner.

Staff mentioned in their presentation the desire to evaluate new, regionally specific land use change scores for feedstocks grown in regions that were not previously considered. Iowa Soybean understood that to mean South American oilseeds. We view this as a positive development as South America is likely to continue to expand acreage as part of a large geopolitically driven shift in global soybean sourcing. While we are encouraged to see CARB considering more regionally specific iLUCs, failure to reevaluate North America at the same time would be a lost opportunity and could disadvantage a less risky and more sustainable supply of feedstock.

Recently, the federal government updated their indirect effect assessment for soy-based biofuel as part of the Inflation Reduction Act 40B guidance. This reevaluation saw the total penalty cut from 24.8 kg CO₂e/MMBTU to 17.1 kg CO₂e/MMBTU, a 31% decline. We ask CARB to follow the lead of the federal government and bring their science up to date.

A Fresh Look at So-Called “Waste” Feedstocks

Iowa Soybean Association and the farmers we represent are **highly concerned** with recent large increases in the importation of so-called ‘used cooking oil’ of Asian origin. Following the very high-profile fraud in Europe surrounding cooking oil of the same origin, we strongly encourage CARB to continue on their path of increasing audit stringency and oversight for feedstocks at high-risk of adultery or misclassifications. The value of maintaining market integrity cannot be understated.

Finally, we encourage CARB to take a fresh look at their LCA methodology for these so-called ‘waste’ based feedstocks. While these oils may have at one time been a waste under the ISO 14001 definition, it is hard to argue they remain a waste given their elevated value. CARB recognized in previous rulemakings that feedstocks like corn

¹ [Staff Report: Initial Statement of Reasons \(ca.gov\)](#)



oil were not a waste, but a highly valuable co-product. As such CARB expanded the system boundary of this feedstock. Given the increased and sustained value of feedstocks like used cooking oil and animal fats we encourage CARB to consider an expansion of the system boundary of these feedstocks, just as staff is considering for manure-based renewable natural gas.

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. We believe the current proposal should continue to be discussed and workshopped before adoption. In fact, CARB has spent more time openly contemplating new potential regulations which were not included in this package, such as climate smart ag, than they did opening discussing the proposed sustainability certification. A change of this magnitude needs significantly more dialogue with the agricultural community and especially those involved in the monitoring, reporting, and verification aspects of climate smart agriculture.

We encourage CARB to convene a working group that includes farmers, climate smart commodity companies, elevators, and soybean processors to help develop any crop-specific sustainability provisions. 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 develops 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.

Conclusion

Iowa Soybean Association remains encouraged by the continued successes of the LCFS and the diverse low-carbon fuel market it is creating. California's LCFS creates demand for cleaner fuel which leads to healthier outcomes for Californian's and in turn this policy is supporting revitalization of rural economies across Iowa and the broader heartland. However, it is critical that CARB finalizes regulatory updates in a way that does not arbitrarily exclude agricultural feedstocks, create unnecessary onerous certification requirements, or inadvertently place additional scrutiny on lower-risk feedstock while accidentally turning a blind high to much higher risk activity abroad.

The Iowa 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 Iowa 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.

Sincerely,

Matt Herman
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Iowa Soybean Association

Matt Herman