



November 2, 2020

Richard Corey, Executive Officer
Rajinder Sahota, Industrial Strategies Division Chief
Arpit Soni, Manager, Alternative Fuels Section

Air Resources Board
1001 I Street
Sacramento, CA 95812

RE: Comments on Low Carbon Fuel Standard Public Workshop to Discuss Potential Regulation Revisions

Dear Mr. Corey, Ms. Sahota, and Mr. Soni:

On behalf of the American Coalition for Ethanol (ACE), I write today to provide comment on the October 14th and 15th public workshop to discuss potential revisions to the Low Carbon Fuel Standard (LCFS).

ACE is a grassroots advocacy organization, powered by rural Americans from all walks of life who have built an innovative industry that delivers homegrown biofuel and food for a growing world. Our 500 members include U.S. ethanol biorefineries, investors in biofuel facilities, farmers, and companies that supply goods and services to the U.S. ethanol industry.

The farmer and locally-owned ethanol plants which comprise the grassroots membership of ACE believe ethanol can and should be an even bigger part of the solution to climate change. We were encouraged by the discussions during the workshop relating to crediting biofuels for the carbon intensity reductions that come with changes in agriculture production. Over the past three years, ACE has been working with its diverse membership in partnership with the Great Plains Institute and other stakeholders in the Midwest to thoughtfully discuss ways to implement Midwest clean fuel policies that drive carbon reductions while providing economic opportunities to rural America. Central to these discussions has been the real, near-term, cost-effective climate benefits that U.S. agricultural producers can generate if properly incented.

The U.S. Department of Agriculture identifies soil organic carbon sequestration as “among the best options for C storage.” USDA estimates farmers store 20 million metric tons of carbon per year, and that they could store an additional 180 million metric tons per year if properly incented. These benefits represent 14 percent of all annual U.S. carbon emissions.

In July 2020, DOE’s Argonne National Lab found that farmers could capture significant benefits by making changes to input use and land management practices including conservation tillage, reducing nitrogen fertilizer use, and planting cover crops if properly incented. Argonne concluded that if changes in practices were allowed in California’s existing LCFS, participating farmers could receive on average \$279 an acre annually.¹ This would drive significant adoption of greenhouse gas (GHG) storing practices.

We appreciate that the Air Resources Board will need to be comfortable with the protocols by which these carbon reductions are verified to be incorporated into the LCFS program. To that end, ACE is actively coordinating a partnership with farmers, leading soil scientists in our land grant university system, and DOE and USDA representatives to develop methodologies to do so.

¹ <https://iopscience.iop.org/article/10.1088/1748-9326/ab794e>

ACE's objective is to create an open-source protocol that any biofuel facility and its feedstock suppliers can use to document the carbon intensity benefits of changes in agricultural practices including change in tillage, adoption of cover crops, and new nutrient management protocols. These carbon benefits will be at the farm level within the specific grain shed of each biofuel facility seeking to sell into the California market.

Unlike some who presented during the second day of the workshop on October 15th, ACE believes it is critical that any inclusion of agriculture carbon scoring meet certain key criteria.

First, as Argonne found in its July 2020 paper, U.S. agricultural producers can contribute significant GHG reductions through adoption of reduced tillage, cover crops, and nutrient management. Any protocols incorporated into the LCFS by ARB should help incent the adoption of these practices at the farm level. Market signals will drive rapid adoption of new practices that will generate significantly more GHG benefits.

Second, ACE strongly believes that any system should be non-proprietary and open to farmers free of charge to maximize the benefits they can receive. Some proposals by private companies want to charge farmers and biofuel companies a significant percentage of any credit value to gain access to the LCFS market through their service. Such an approach is already making farmers skeptical about the real value of these economic opportunities. Our goal is to create an atmosphere where farmers and biofuel facilities feel they are receiving the maximum value for their carbon contributions so that it incents further participation and climate gains.

Finally, we believe ARB should act comprehensively. Some have argued that we should bifurcate agricultural benefits adopting protocols for proving beneficial fertilizer application and fuel usage now while considering the benefits of soil sequestration at a later date. We do not agree. While we want farmers to receive an accurate value for what they are currently doing, we believe the opportunity for more significant climate gains through incenting changes in agriculture practices must be considered in the near term. In many cases, changes in cropping practices work hand-in-hand with input changes. Further, we do not want to lose the momentum we are seeing in farmer willingness to consider programs such as this. While conversations are picking up in the Midwest and at the federal level, California's LCFS is a critical, established program that can mean real money to farmers in the near term while also quickly mobilizing the carbon reductions in a time critical for expeditious action. Thank you for your time and attention. We look forward to working with you on these matters.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Jennings".

Brian Jennings, CEO
American Coalition for Ethanol