



February 20, 2024

Liane Randolph
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: 2024 Proposed Low Carbon Fuel Standard Amendments

Dear Chair Randolph:

On behalf of the members of the American Coalition for Ethanol (ACE), I appreciate the opportunity to comment on the California Air Resources Board (CARB) 2024 proposed amendments to the Low Carbon Fuel Standard (LCFS). Our comments will focus specifically on the proposed “sustainability criteria” for crop-based biofuels, the need to approve E15 use in California, and the importance of E85 and flexible fuel vehicles (FFVs).

Crop-Based Sustainability Criteria

Over the past several years, ACE has been leading the effort to ensure ethanol producers and farmers are part of the climate solution. Our work involves development and advocacy for new LCFS policy in Midwest states and validation of the real-world greenhouse gas (GHG) reductions modern-day corn and ethanol production can deliver at scale. The farmer and locally owned ethanol plants which comprise the grassroots membership of ACE are investing in a variety of strategies and technology innovations to supply California with low-carbon ethanol and believe a properly designed and administered LCFS policy incentivizing climate-smart agriculture practices can support increased use of ethanol.

Nevertheless, we do not support CARB’s sweeping “sustainability criteria” approach to regulate ethanol producers and farmers. The broad and burdensome proposal to require pathway holders to track crop-based feedstocks to their point of origin and obtain independent third-party certification will only serve to discourage participation in the LCFS. Instead, we offer a scientifically driven alternative based on real-world farm practices.

Earlier this year, the United States Department of Agriculture (USDA) made a \$25 million investment in a Regional Conservation Partnership Program (RCPP) led by ACE. This USDA RCPP project is designed to unlock corn ethanol access to LCFS markets and new tax incentives based on the adoption of climate-smart agricultural practices which reduce GHG emissions.

The USDA funding will help farmers adopt reduced tillage, nutrient management and cover crops on nearly 100,000 acres across 167 counties surrounding 13 ethanol facilities partnering with ACE to implement the project in the 10-state region of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin. The sites were strategically chosen to provide our project’s scientific team with statistically significant data regarding the GHG effect of conservation practices in different soil types and climates.



ACE and our partners will accomplish three important objectives with this funding support from USDA. First, we will incentivize farmers in 10 states to adopt conservation practices. Three-fourths of the funding will go toward farmer adoption of practices. Second, our team of soil scientists and agronomists will monitor, measure and verify how the conservation practices adopted by the farmers reduce GHG emissions from corn production. The data they collect will be shared with the U.S. Department of Energy who will use it to pressure test existing models such as the Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model to address real and perceived 'information gaps' which currently prevent farmers and ethanol producers from adequately monetizing climate-smart ag practices. Third, our ultimate objective is to empower ethanol producers and farmers with modeling and calculator tools to earn higher tax credits and premium prices in clean or low carbon fuel markets based on climate-smart ag practices.

Our partners, including 13 ethanol companies and team of technical experts, are currently making plans to ensure farmers in the 167 counties are aware of their eligibility and we hope to execute contracts for initial conservation practices following the 2024 fall harvest. This larger project is based on ACE's existing South Dakota RCPP, where we have more than 15,000 acres in seven counties under contract for climate-smart ag practices. Given the progress we have already made with the South Dakota RCPP project, we are in a good place to hit the ground running on this 10-state project.

While we may share CARB's goal for better understanding the GHG impacts farming practices have on crop-based biofuels, we disagree feedstocks such as corn must be tracked to their point of origin. Rather, some of the models CARB and other regulators use today to penalize corn ethanol for land use change (LUC) and farm-level practices can be improved and modified to assign carbon credits based on climate-smart agriculture practices. Specifically, we believe the GREET model developed by U.S. Department of Energy's Argonne National Laboratory should be used to assign carbon credits from climate-smart ag practices. GREET currently estimates nitrous oxide emissions from fertilizer use, contains a module for estimating LUC penalties through the Carbon Calculator for Land Use Change from Biofuels (CCLUB), and features a relatively new Feedstock-Carbon Intensity Calculator (FD-CIC) module estimating soil carbon emissions and sequestration credits for practices such as conservation tillage and cover crops on corn production.

Scientists and modelers indicate precipitation, soil type, and temperature are essential factors used to determine the GHG benefits of climate-smart agriculture practices. These same modelers and market regulators such as CARB are reluctant to assign carbon credits for farm-level practices without more locally verified data upon which to validate the GHG benefits. Our USDA RCPP project includes an experienced team of scientists from land-grant universities and the U.S. Department of Energy's Sandia National Lab who have developed a proven mechanism to collect data from farmers in the 167 counties. Our scientific team will be able to assess the real-world carbon sequestration and reductions in carbon dioxide, methane, and nitrous oxide emissions from the climate-smart practices and validate them at a high confidence level required by modelers and market regulators.

The result of this USDA RCPP project will be the establishment of a non-proprietary, scientifically verified tool such as a modified GREET for ethanol producers and farmers to use to document the carbon intensity benefits of changes in agricultural practices that are validated with on-farm data at production level scale.



In short, our USDA RCPP project will establish an alternative to CARB's proposed burdensome and costly quantification and verification protocols that would discourage farmers and ethanol producers from reaping maximum benefits from these practices in the future.

The economic potential of capitalizing on climate-smart farming practices to produce corn ethanol for clean fuel markets or new tax incentives is significant. Through the 13 partner ethanol facilities, there's the potential to remove over 2,679,843 metric tons of CO₂ per year, or the equivalent of taking 596,346 cars off the road annually. Across the 10-state project area, this could amount to over \$500 million per year in estimated maximum value from clean fuel markets — a \$266 per acre benefit for farmers based on the three-year average LCFS carbon credit price. This potential economic value is similar to what the carbon benefits could be worth under a properly implemented 45Z tax credit. To learn more about this project, visit ethanol.org/usda-rcpp.

E15

Though technically related to CARB's "Advanced Clean Cars" (ACC) proposed amendments, we must take this opportunity to implore you to once and for all approve the use of E15 in California. After all, allowing E15 will help reduce the carbon intensity of the state's gasoline supply and also cut emissions of criteria pollutants. In fact, the Center for Environmental Research and Technology at the University of California Riverside found that replacing E10 with E15 in California will significantly improve air quality.¹ It should also be noted E15 is EPA-approved for nearly all vehicles on the road and offers meaningful cost savings, but Californians are currently paying more at the pump because CARB has not yet approved E15.

E85 and Flexible Fuel Vehicles (FFVs)

While E15 is not yet allowed for use in California, the availability of E85 enables the state to significantly reduce GHG emissions and save drivers of Flexible Fuel Vehicles (FFVs) substantial money at the pump. We specifically reinforce comments and concerns submitted to CARB from Pearson Fuels on January 15, 2024. Pearson is the largest distributor of E85 in California, supplying more than 350 fueling locations and planning more than 150 additional locations in the next 24 to 36 months.

In its January 15 comment letter, Pearson noted E85 use continues to rise in California but the number of FFVs declined from 2021 to 2022 by nearly 4 percent. As Pearson noted, "absent specific federal or state policy changes to motivate automakers to manufacture FFVs, we expect the FFV population will further shrink as automakers reduce model offerings. This will remove a key tool in the state's push to reduce carbon emissions, scale down petroleum usage, and offer consumers affordable fuel." We urge CARB to work with other state agencies, automakers, and the federal government to incentivize manufacturers to produce more FFVs and convert existing gasoline-operated internal combustion engines to operate on E85.

Thank you for your time and consideration of these comments.

¹ <https://ww2arb.ca.gov/resources/documents/comparison-exhaust-emissions-between-e10-carfg-and-splash-blended-e15>



Sincerely,

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

Brian Jennings, CEO
American Coalition for Ethanol