



388 EL CAMINO REAL, SAN CARLOS, CA 94070

August 30, 2022

Ms. Rachel Assink
Department of Ecology Air Quality Program
P.O. Box 47600
Olympia, WA 98504-7600

Subject: Farmer's Business Network, Inc. Comments on proposed Clean Fuels Program (Ch. 173-424 WAC)

Dear Ms. Assink,

Thank you for the opportunity to comment on Washington State Department of Ecology's implementation of the Clean Fuels Program. Washington State can choose to become a leader in decarbonizing fuels by implementing farm level accounting within the biofuel lifecycle, and Farmer's Business Network, Inc. (FBN[®]) and Gradable LLC encourage you to do so.

FBN-Gradable is an independent agriculture technology platform and farmer-to-farmer network with a mission to power the prosperity of family farmers around the world, while working towards a sustainable future. Our network consists of over 43,000 farmer members comprising over 98 million acres. FBN launched Gradable to provide technology and services to growers and buyers to facilitate the scoring, sourcing, and pricing of Low-Carbon Grain, building the infrastructure to make environmental transparency in the agriculture supply chain a reality. Furthermore, FBN has launched partnerships with both POET and ADM to use the Gradable platform across their grower networks in order to provide the mechanism for individual farmers to reflect and verify farm level carbon intensity scores of their grain.

We support alignment of Washington State's Clean Fuels Program with those of California, Oregon, and Canada. However, wholesale adoption of California's system may require more difficult program adjustments down the road and it would not reflect recent industry advances that allow for a more precise and effective program.

Now that we have the data technology for verifiable farm-level carbon accounting, as well as the research to show it is effective, and the real-world experience of analogous LCSF policies successfully reducing emissions, we believe that any new program should afford farmers the same opportunities to reduce emissions that are afforded to fuel producers.

We encourage your consideration of incorporating farm-level carbon accounting for the following reasons:

Climate imperative



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According to U.S EPA, approximately 5% of U.S. emissions are the result of crop production – about twice that of the entire commercial aviation industry. Measuring and reducing the carbon impact of crop production is urgently needed and growers must be brought into decarbonization efforts now if we hope to meet 2050 Paris emission reduction goals.

According to Argonne National Laboratory, adopting best practices alone (before soil organic carbon is accounted for) leads to a 35% decrease in carbon intensity. Argonne has developed a GREET model which incorporates farm-level accounting and estimates an emissions factor for “highest emitting practices” of 33.3 gCO₂e/MJ of ethanol and -15.9 gCO₂e/MJ for “lowest emitting practices,” revealing significant potential to lower carbon intensity.

More broadly, adopting this policy now will reverberate beyond biofuels, establishing the regulatory infrastructure to support lifecycle carbon assessments for agriculture products across a variety of industries, including food, feed, and fiber. This action will be the first meaningful step to decarbonize agriculture.

Timing is right

Recent advances in and adoption of agriculture data technology makes farm-level carbon accounting possible today because farm-level data and associated technology is now accessible and verifiable, while also enabling a third party to collect that information without overburdening the farmer.

It is inevitable that nearly all clean fuels standards will incorporate emissions reductions associated with feedstock production through farm-level accounting, so it makes sense to build this into the Washington program from the start. Adjusting CI default averages will likely be necessary to balance the reductions associated with farmers who opt-in to providing their farm-level data. It will be easier and less disruptive for Washington to implement such mechanisms when starting the program rather than after it has been launched.

Today, clean fuels programs can do for the farmer what the programs have already done for producers: provide a financial incentive for verifiable reductions in greenhouse gas emissions. Failing to include farm-level accounting while allowing facility-level accounting could convey to farmers that the state does not value their participation in its clean fuels program.

The Inflation Reduction Act of 2022 provides further incentive to explore field level carbon accounting. The Clean Fuels Production tax credit as well as the Sustainable Aviation Fuels tax credit provide greater tax credit opportunities as a fuel source reduces its carbon intensity profile. The work that Argonne has done in regard to allowing the GREET model to validate farm level scoring, means that there could also be federal incentive for farm level carbon intensity accounting.

New but very manageable addition to LCSF



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Ecology can implement this policy fairly easily by starting the program with limited variables that are easily verifiable and emissions reductions that are clearly understood. These include fertilizer, pesticides, and fuel usage.

CARB has already implemented a similar policy for production facilities through Tier 2 certification under which facilities can opt to use their own CI based on facility data input, which has resulted in substantial reductions in greenhouse gas emissions. Further, this proposal does not ask for additions to the current California GREET inputs, but rather collects at actuals.

Complicated issues like soil organic carbon and carbon sequestration need not be considered at this time. These issues can be taken up as our understanding of those processes matures. In the meantime, verifiable and straight-forward farm-level emissions reductions should be included in the program.

Ecology can and should seek guidance and advice from experts at Argonne National Lab, the Union of Concerned Scientists, and others who have considered the impacts and design elements of such a policy.

Farmers should not be ignored

The LCFS in California and other jurisdictions have shown that aligning a program's carbon reduction objectives to incentivize behavior will successfully achieve reductions across the industry. Farmers are eager to participate in these programs and are willing to provide the necessary verifiable data but require a consistent market signal to de-risk investments in conservation.

Concerns have been raised that allowing farmers to benefit by reducing their emissions will only reward existing high performing growers. This is the same concern raised about the California LCSF program when it was first proposed. That concern has proven unfounded, and biofuel producers have reduced their emissions and have been able to reap the rewards for doing so. It is unjust and unfair for farmers to not be afforded that same opportunity now that the technology to do it and the research to support both exist.

Thank you for your time and attention. We look forward to working with you on these matters and we offer our help and support in any way we can.

Sincerely,

Farmer's Business Network, Inc.,

DocuSigned by:

Steele Lorenz

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Mr. Steele Lorenz
Head of Sustainable Business