



January 14, 2010

Mary D. Nichols
Chair
California Air Resources Board
Headquarters Building
1001 I Street
Sacramento, CA 95812

Dear Chair Nichols:

I am writing to share a number of recommendations that experts believe would enhance the reports entitled “**Land Use Change Effects for Soy Biodiesel**” and “**Detailed California-Modified GREET Pathway for Conversion of Midwest Soybeans to Biodiesel (Fatty Acid Methyl Esters-FAME): Version 3.0,**” which were released December 14, 2009. Thank you, in advance, for your consideration of our recommendations.

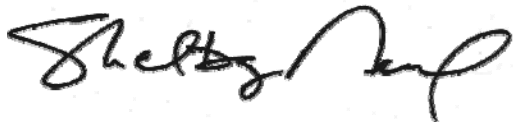
I would like to begin by mentioning that we have hired some of the foremost experts in this field to analyze the work conducted by staff at the California Air Resources Board (ARB) and the University of California, Berkeley (U.C. Berkeley). These experts include Dr. Bruce Babcock and Mr. Donald O’Connor, P.E. Dr. Babcock is a professor of economics at Iowa State University and the director of the Center for Agriculture and Rural Development. He maintains the FAPRI-CARD model and has served as a high level consultant for the U.S. Environmental Protection Agency as it has utilized his model to help evaluate indirect land use changes (ILUC) that might occur as a result of the federal renewable fuels standard. Mr. O’Connor created and manages the highly regarded GHGenius lifecycle model for Natural Resources Canada and is a sought after expert in both North America and Europe on issues related to lifecycle assessment and ILUC.

One reason the NBB is able to attract such high caliber professionals to help analyze the ARB’s modeling work is that we do not control the content of these individuals’ reports in any way, shape, or form. As evidence of this statement, Mr. O’Connor’s previous reports have contained a number of recommendations (most of which were accepted by ARB staff) that actually lowered – rather than improved – the biodiesel industry’s greenhouse gas reduction score. We believe the reports put forth by Dr. Babcock and Mr. O’Connor would stand up to a rigorous peer review process and, in fact, encourage the ARB to put their papers through just such a procedure. Dr. Babcock’s and Mr. O’Connor’s reports are attached to this letter in unedited form. An executive summary, which is also attached to this letter, was drafted by the NBB and attempts to summarize briefly the key findings of Dr. Babcock and Mr. O’Connor.

Finally, while our organization has enjoyed a high level of cooperation with ARB staff on all the direct effects models for biodiesel that have been released to date, we are extremely disappointed that a comment period totaling only 30 days has been provided for the Land Use Changes Effects for Soy Biodiesel report. Given the complexity of the issue, a more lengthy comment period would have proved beneficial. In addition, it should be noted that three key questions regarding GTAP assumptions were emailed to and received by ARB staff on December 29, 2009¹. As of this writing, neither staff at the ARB nor U.C. Berkeley has been able to answer these questions. This has severely hindered Dr. Babcock's work, in particular. Perhaps with additional time, these questions could be answered. **For these reasons, we wish to formally request an extension to the comment period of not less than 15 days for both the Soy Biodiesel Land Use Change and GREET Version 3.0 reports.**

Once again, I would like to express our continued appreciation for the positive working relationship we have enjoyed with the ARB. If you should have any questions about this matter, please feel free to contact me at any time by telephone at (573) 823-0233 or by email at sneal@biodiesel.org.

Sincerely,



Shelby Neal
Director of State Governmental Affairs

¹ 1. How does the land use modeling take into account the CARB assumption that 80% of the soybean mass is a co-product (soybean meal) and 20% of the mass is the product (soybean oil)? We have replicated CARB's numbers, but have not yet found these factors in the GTAP code.
2. How exactly were soybeans split out from GTAP oilseeds? Can you explain how the model is shocked in regards to soybeans versus vegetable oils?
3. Why is the fraction of the total land converted that is forest higher for the soybean oil shock than for the corn ethanol shock shown in the ISOR (for the same GTAP inputs)?