

Land Use Change in the California LCFS, Uncertainty, and Time

The research reported here was partially supported
by the California Air Resources Board and the Energy Biosciences Institute
and does not necessarily represent the view of either organization

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Thanks!



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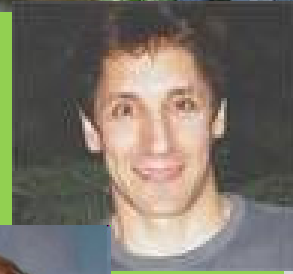
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LUC in the LCFS

- For producer j in year t who blends Q_j units of fuel with GHI index G_j , the fine (or sale of credits) when the standard is S_t will be:

Direct LCA

“LUC Adder”

$$AFCI_{jt} = G_p Q_p + \{G_b + iLUC\} Q_b$$

$$C_{jt} = (S_t - AFCI_{jt}) P Q_t$$

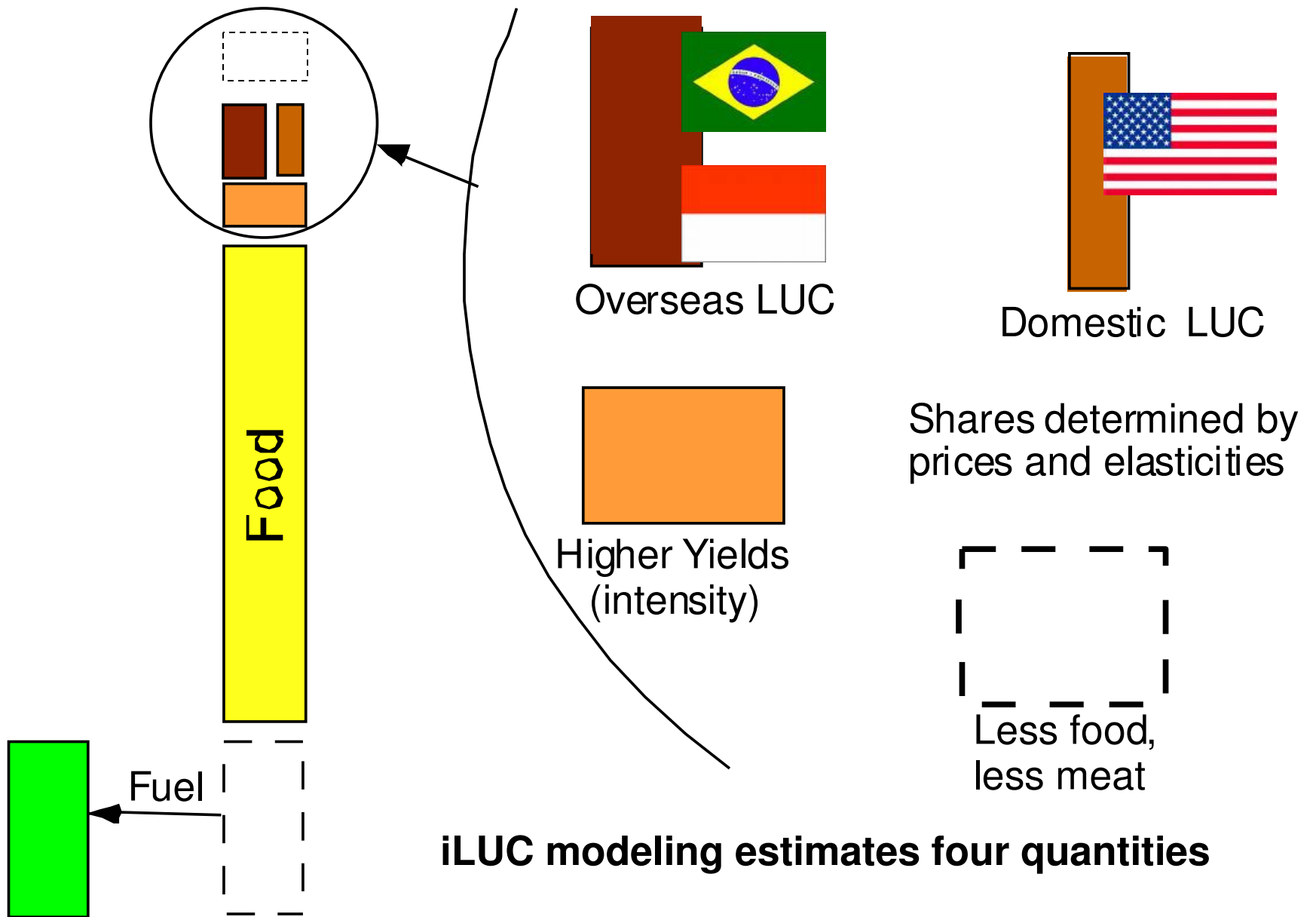
Policy implementation comprises (mostly) establishing operational definitions for these variables.

Example

Reduction required
(Gasoline 96 -> 86) 10%

Blend limit 20%

GWI required **45**

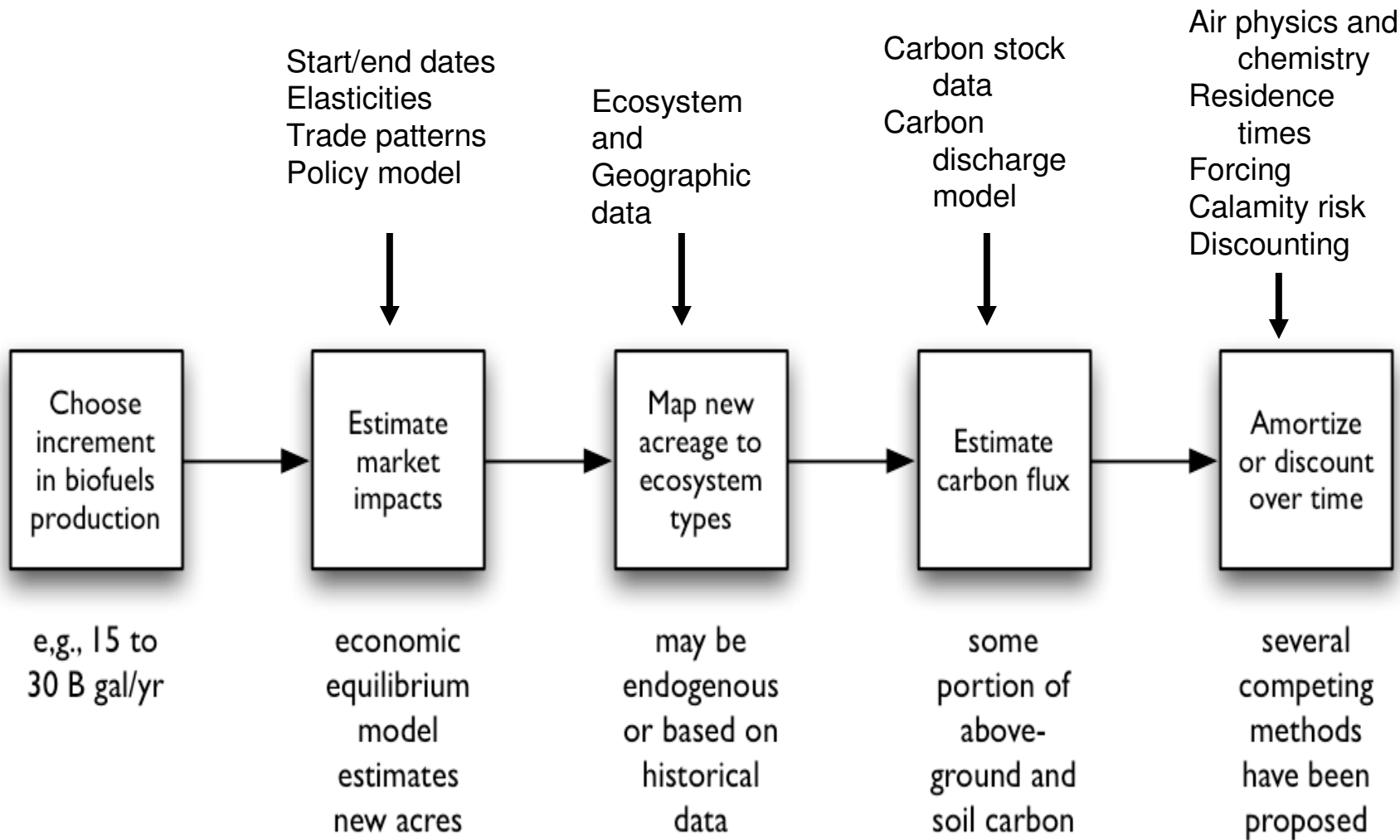


iLUC modeling estimates four quantities

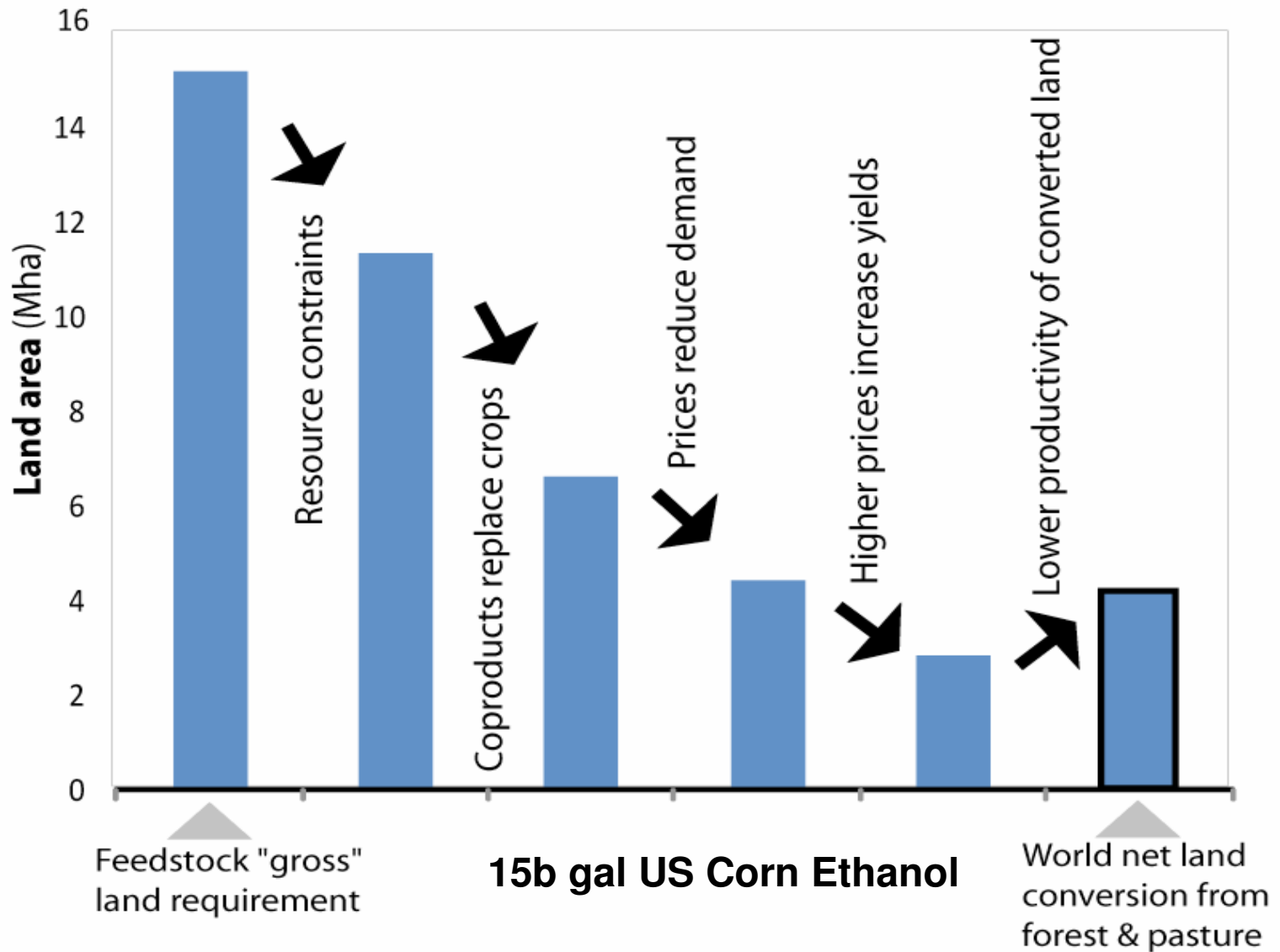
Fuel	Direct	Indirect*	Total [constant food]
Gasoline	96	0	96 [96]
Avg. corn ethanol	69	30* **	99 [114]
Sugarcane ethanol	27	46**	73
Soybean diesel	27	42**	69
Electricity	105	(efficiency)	39 [39]

*too low, because of production time

** too low, because of atmospheric residence time (and food?)



CGE LUC Model Process



(from Hertel et al 2009)

How might these LUC AFCl results be too high/low?

- Higher yields of all crops
- Different allocations of “makeup” to different natural lands
- Better C stock & land use data
- Coproduct accounting
- Counting C recapture after production
- Albedo changes (eg, snow on former boreal/temperate forest land)
- Nitrogen cycle (yield increase from fertilizer)
- Time and warming effect
- Other greenhouse gases (eg, cattle, rice methane)
- Extremely low-AFCl biofuel crops (e.g mixed perennials for biomass conversion)
- Production period
- More conversion from lower-C land types (pasture)
- Increased cattle intensity/better practice

Key concepts and cautions

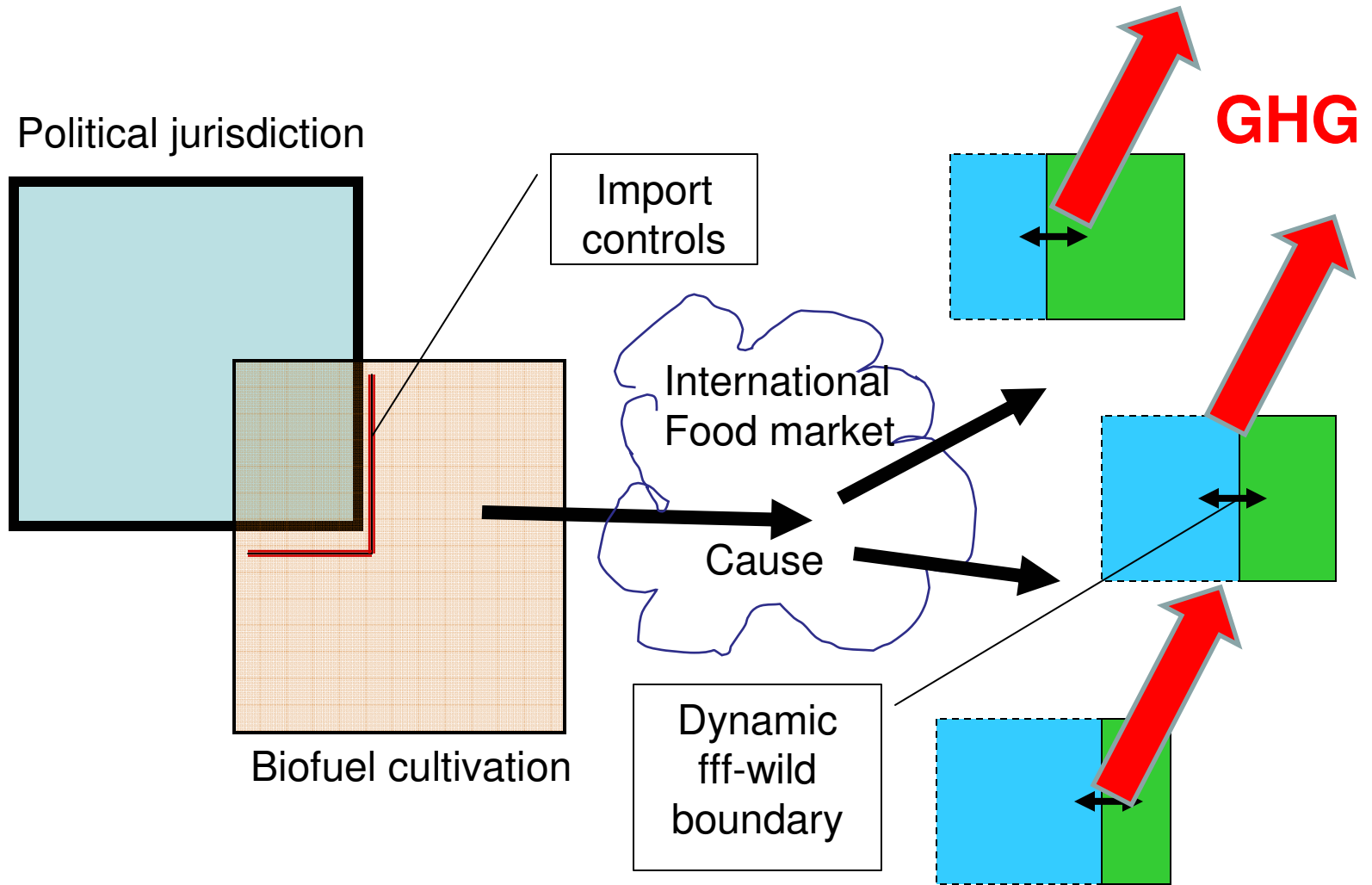
Ceteris paribus principle: Models estimate GHG in atmosphere because of biofuel use that is additional to GHG from everything else happening.

Implication: exogenous yield increase does not “make up for” iLUC (but does reduce it)

iLUC cannot be observed in any particular place: it is diffuse and averaged over varying effects.

Four big issues for iLUC (indirect land use change emissions)

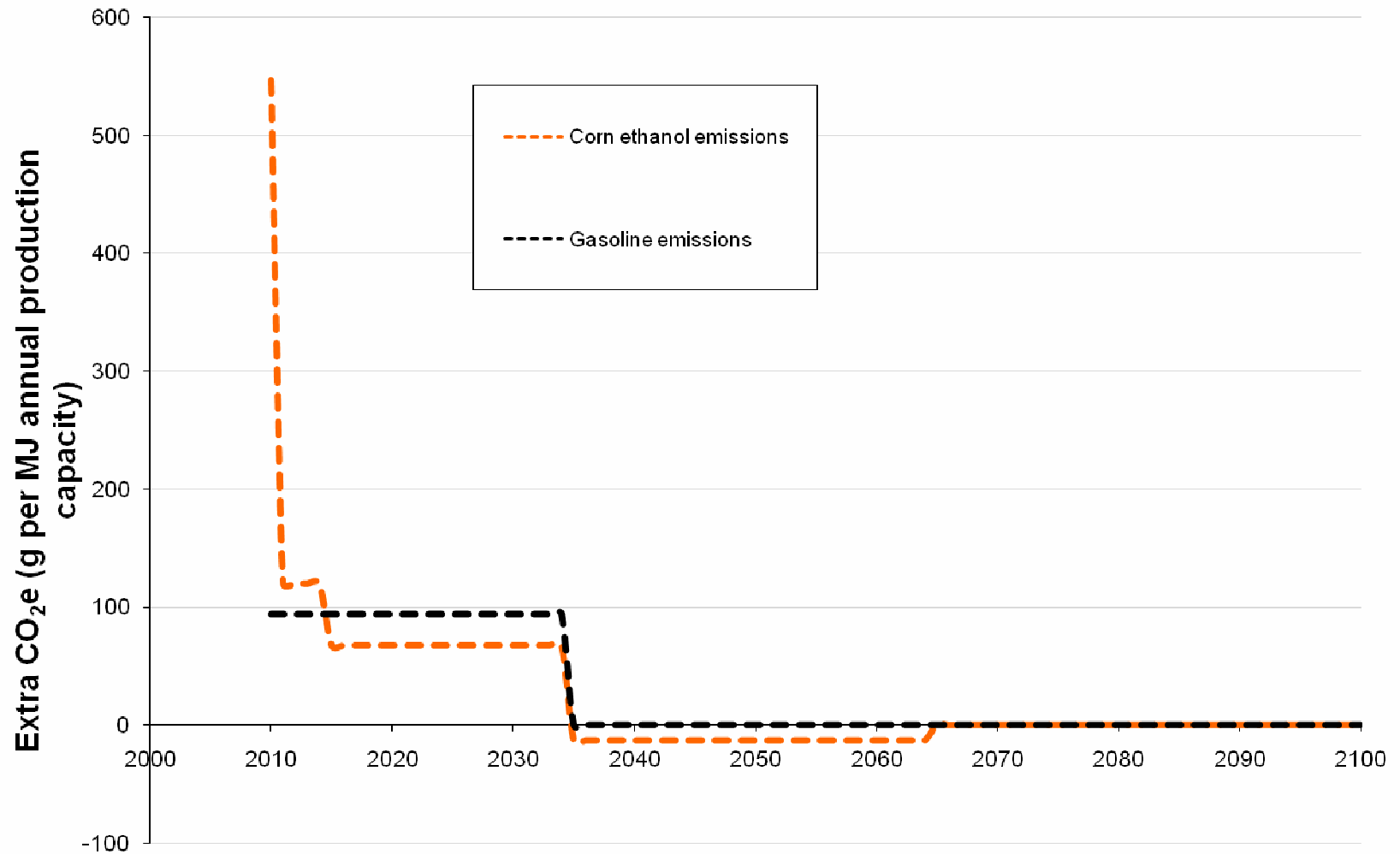
- **How big is it**
 - especially, is it bigger than [GWI(petroleum) - GWI(direct biofuel)]?
 - Can it be reduced at the point of production or consumption?
 - Yields are critical (cellulosic), non-food-competitive feedstocks
- Policymaking and uncertainty in LUC estimates
- Time and fuel GHG comparisons
- Application to non-biofuel contexts
 - Oil and nuclear (capital intensive)
 - Housing and sprawl
 - Highways
 - Coal
 - Oil sands
 - FFF
 - Parks



What policies and practices *in producing and consuming jurisdictions* can reduce iLUC?

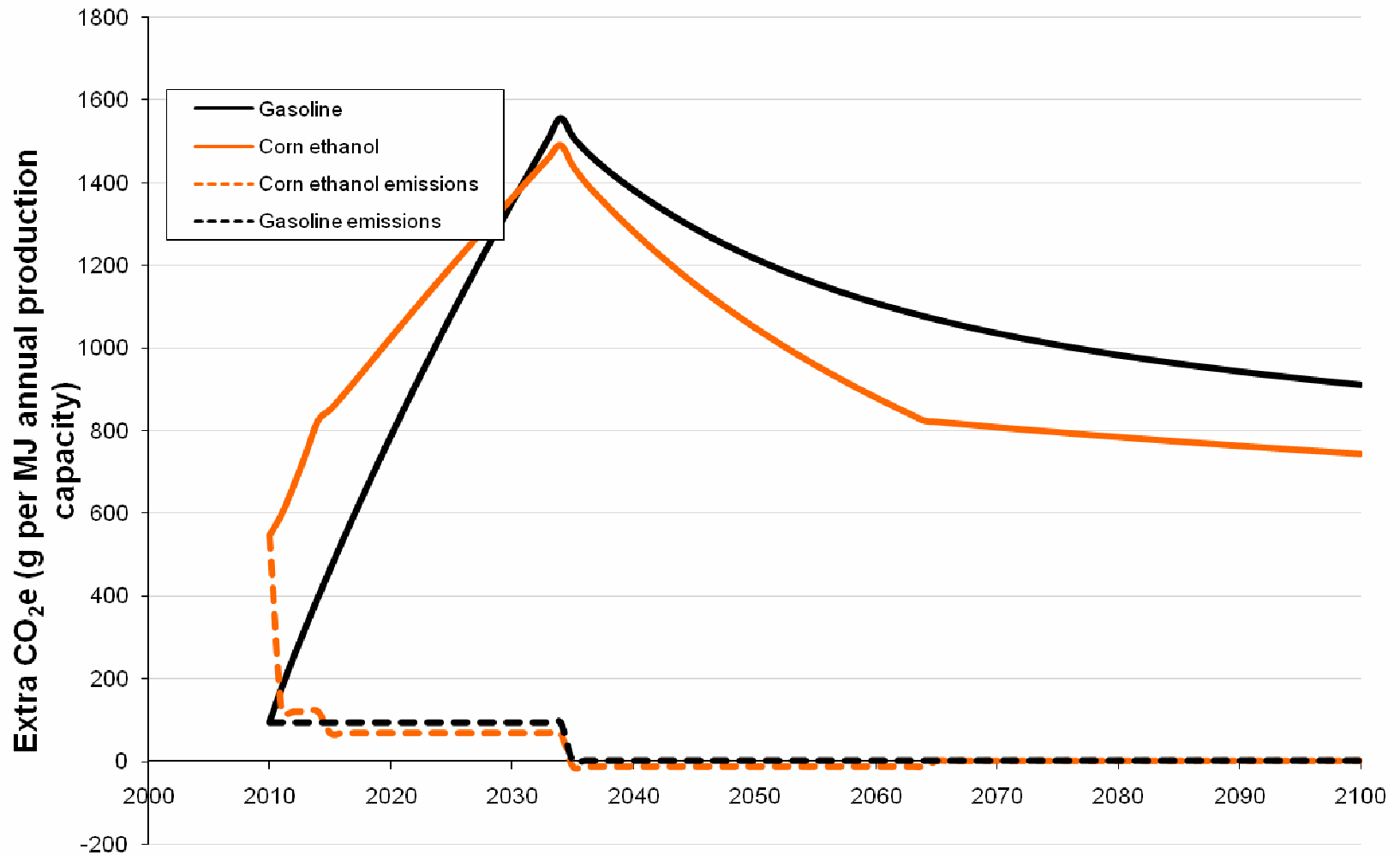
Almost nothing except yield.

Corn ethanol: 25 yrs production, 60g direct emissions, 776 g LUC, 30 yrs recovery of 50% of LUC



<http://rael.berkeley.edu/BTIME>

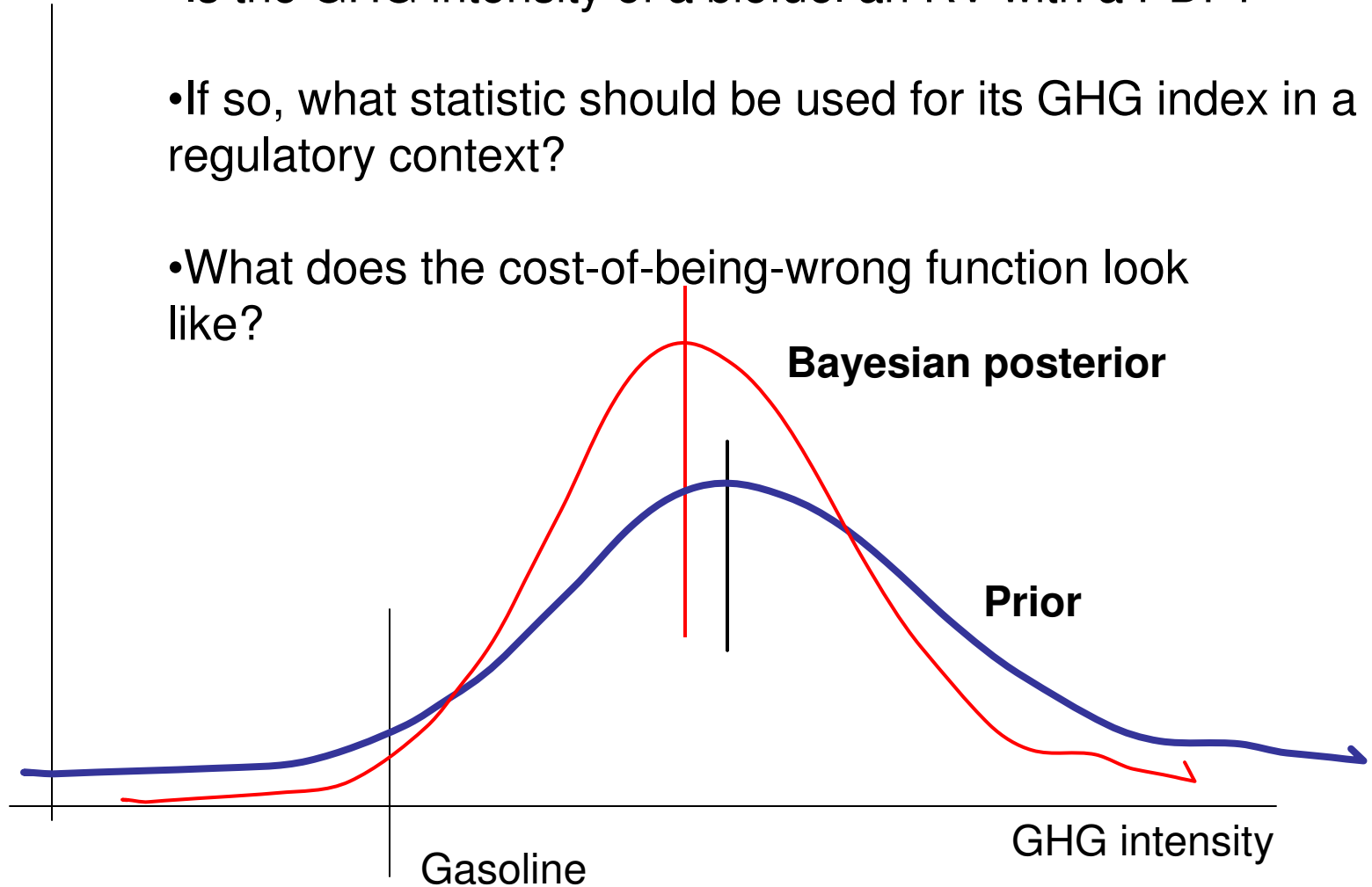
Corn ethanol: 25 yrs production, 60g direct emissions, 776 g LUC, 30 yrs recovery of 50% of LUC



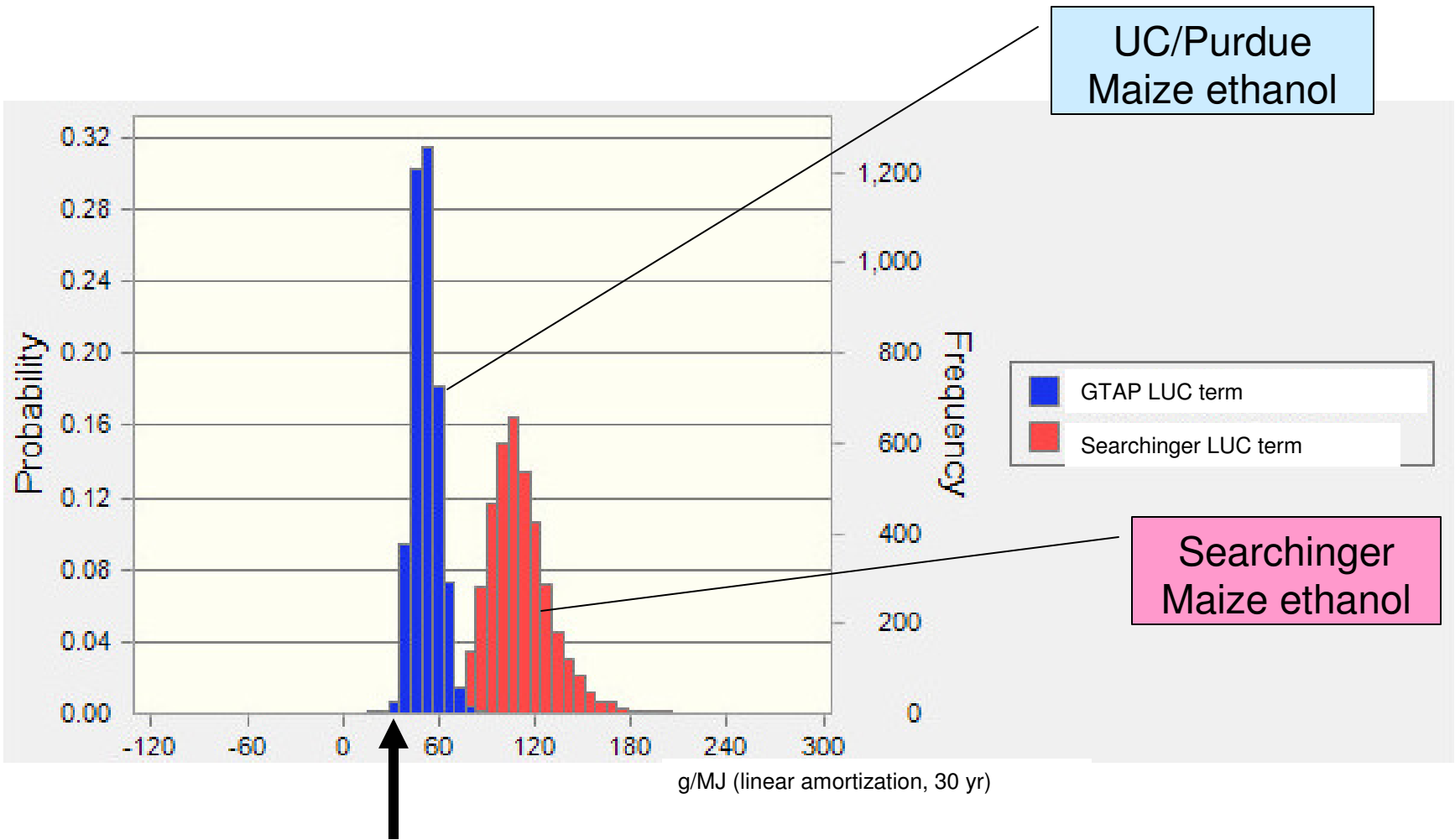
<http://rael.berkeley.edu/BTIME>

How should we think about uncertainty?

- Is the GHG intensity of a biofuel an RV with a PDF?
- If so, what statistic should be used for its GHG index in a regulatory context?
- What does the cost-of-being-wrong function look like?

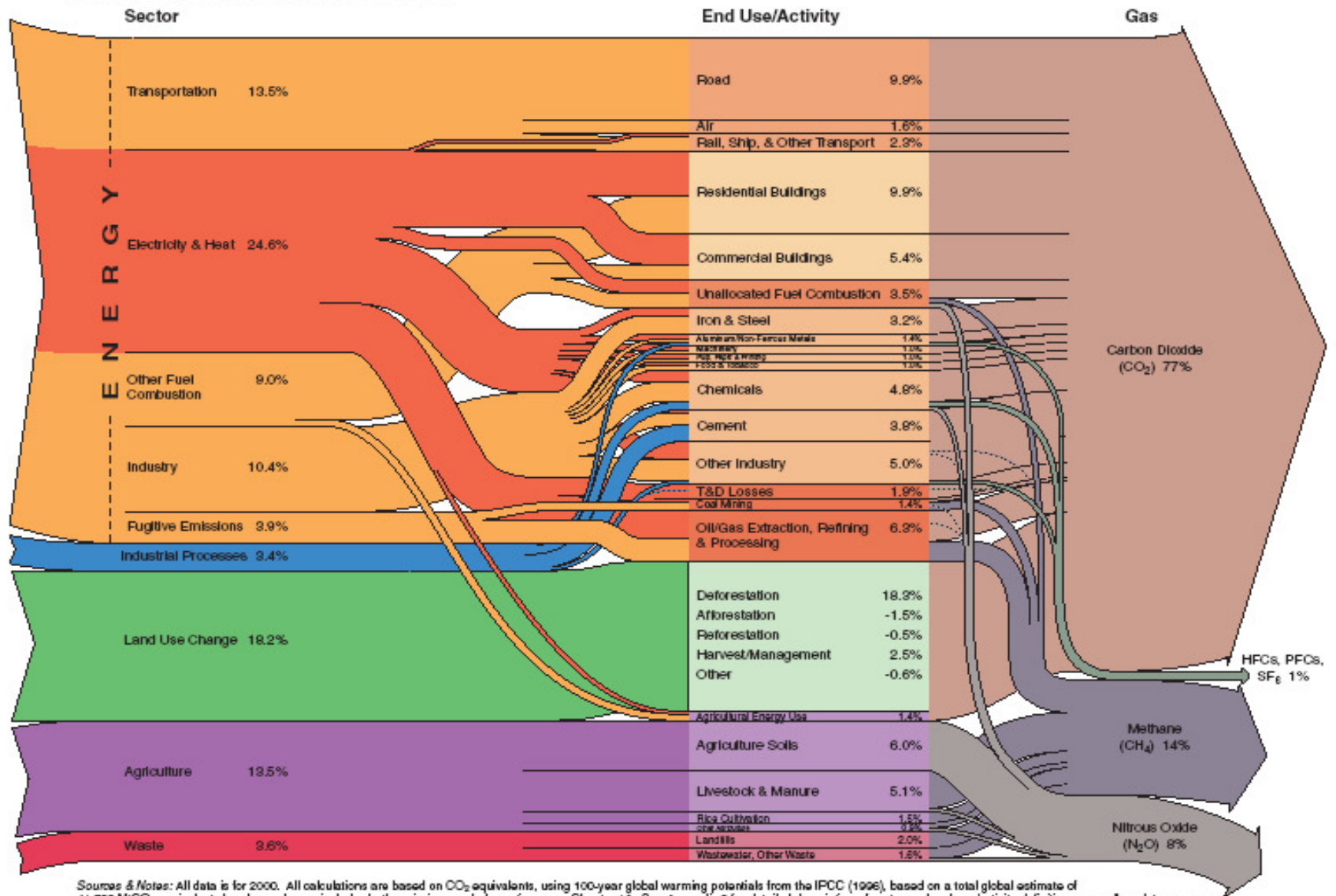


Model Uncertainty and Parameter Uncertainty



Gasoline – direct ethanol

World GHG Emissions Flow Chart

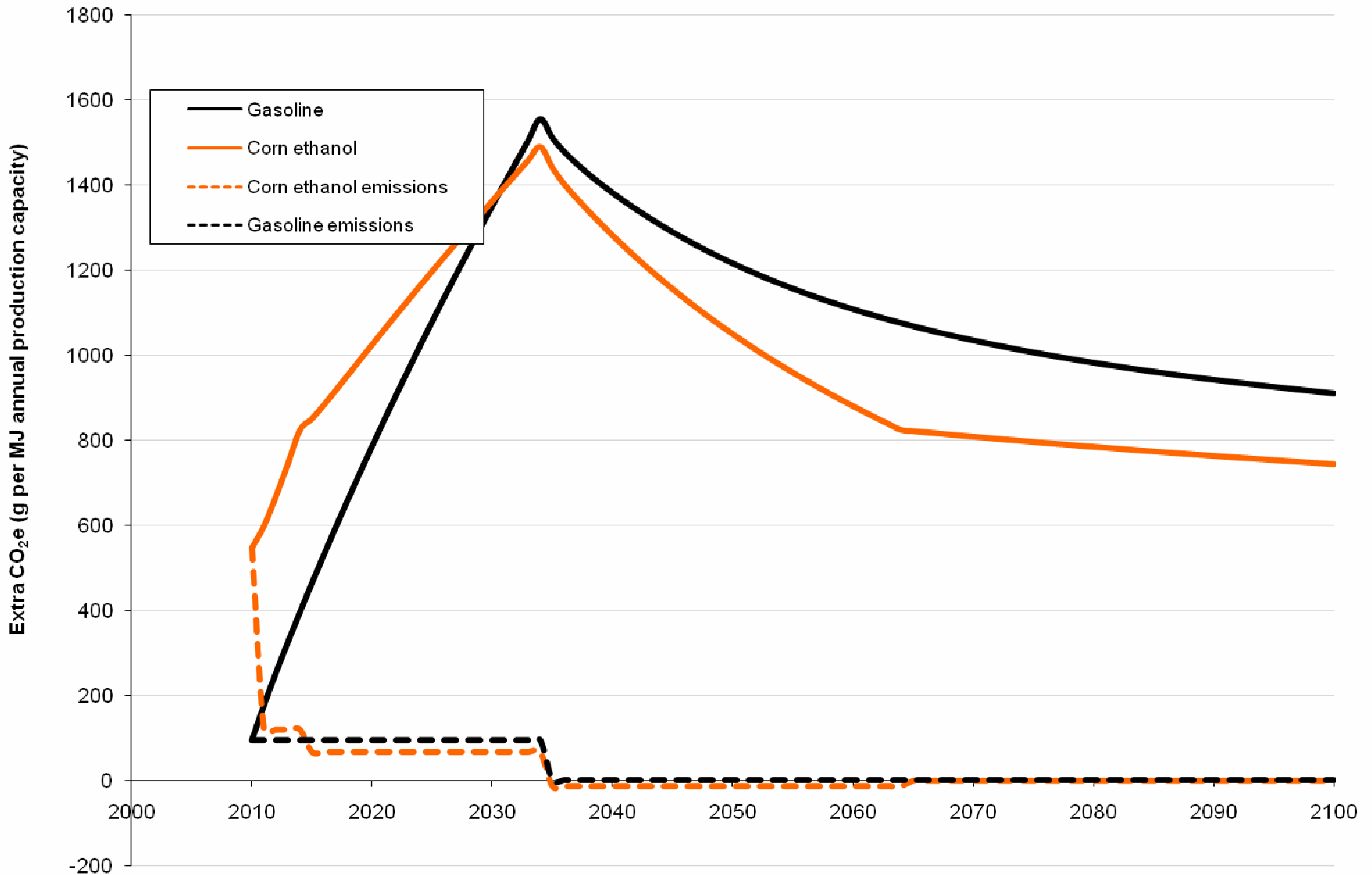


Sources & Notes: All data is for 2000. All calculations are based on CO₂ equivalents, using 100-year global warming potentials from the IPCC (1996), based on a total global estimate of 41,755 MtCO₂ equivalent. Land use change includes both emissions and absorptions; see Chapter 18. See Appendix 2 for detailed description of sector and end use/activity definitions, as well as data sources. Dotted lines represent flows of less than 0.1% percent of total GHG emissions.

How big is LUC?

- Big
(details to follow)

Time and early discharges change GW estimation



LCFS in practice

- For producer j in year t who blends Q_j units of fuel with GHI index G_j , the fine (or sale of credits) when the standard is S_t will be:

Direct LCA

“LUC Adder”

$$AFCI_{jt} = \boxed{G_p} Q_p + \{ \boxed{G_b} + \img alt="elephant" data-bbox="658 418 774 534" \} Q_b$$

$$C_{jt} = (S_t - AFCI_{jt}) P Q_t$$

ILUC is the elephant in the room of biofuels policy

LCFS in practice

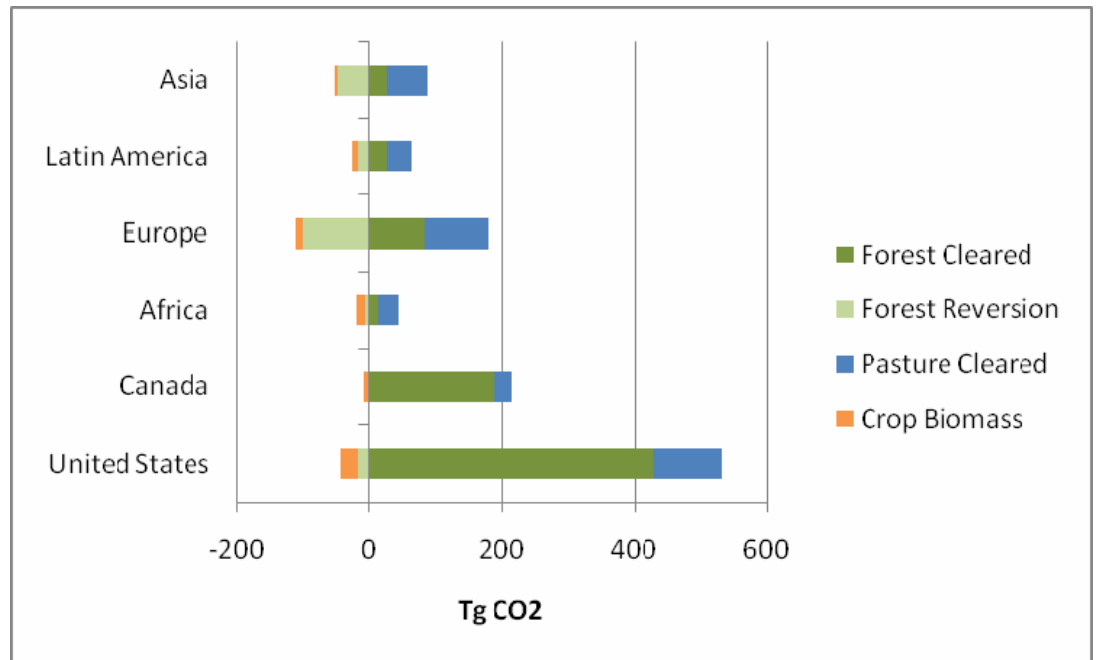
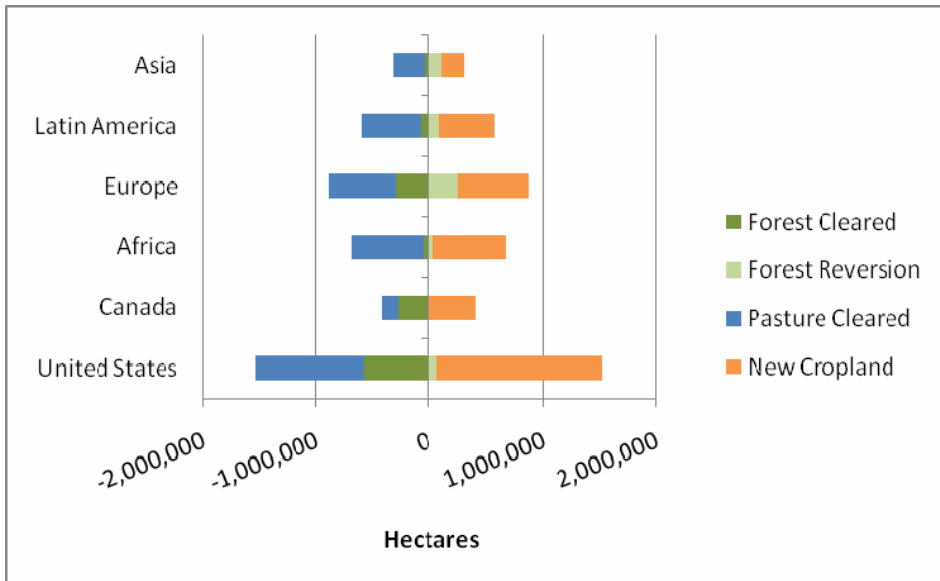
- For producer j in year t who blends Q_j units of fuel with GHI index G_j , the fine (or sale of credits) when the standard is S_t will be:

Direct LCA

$$AFCI_{jt} = G_p Q_p + \{ G_b + \img alt="A black and white image of a snake coiled around the plus sign in the equation." data-bbox="655 405 775 575" \} Q_b$$
$$C_{jt} = (S_t - AFCI_{jt}) P Q_t$$

Key parameters

- Fuel yield
- Price elasticity of yield: higher causes less LUC
- Productivity of new land: higher causes less LUC
- Cultivation period: longer causes lower GWI
- Carbon stock data
- Recapture (time and amount)
- Discount rate



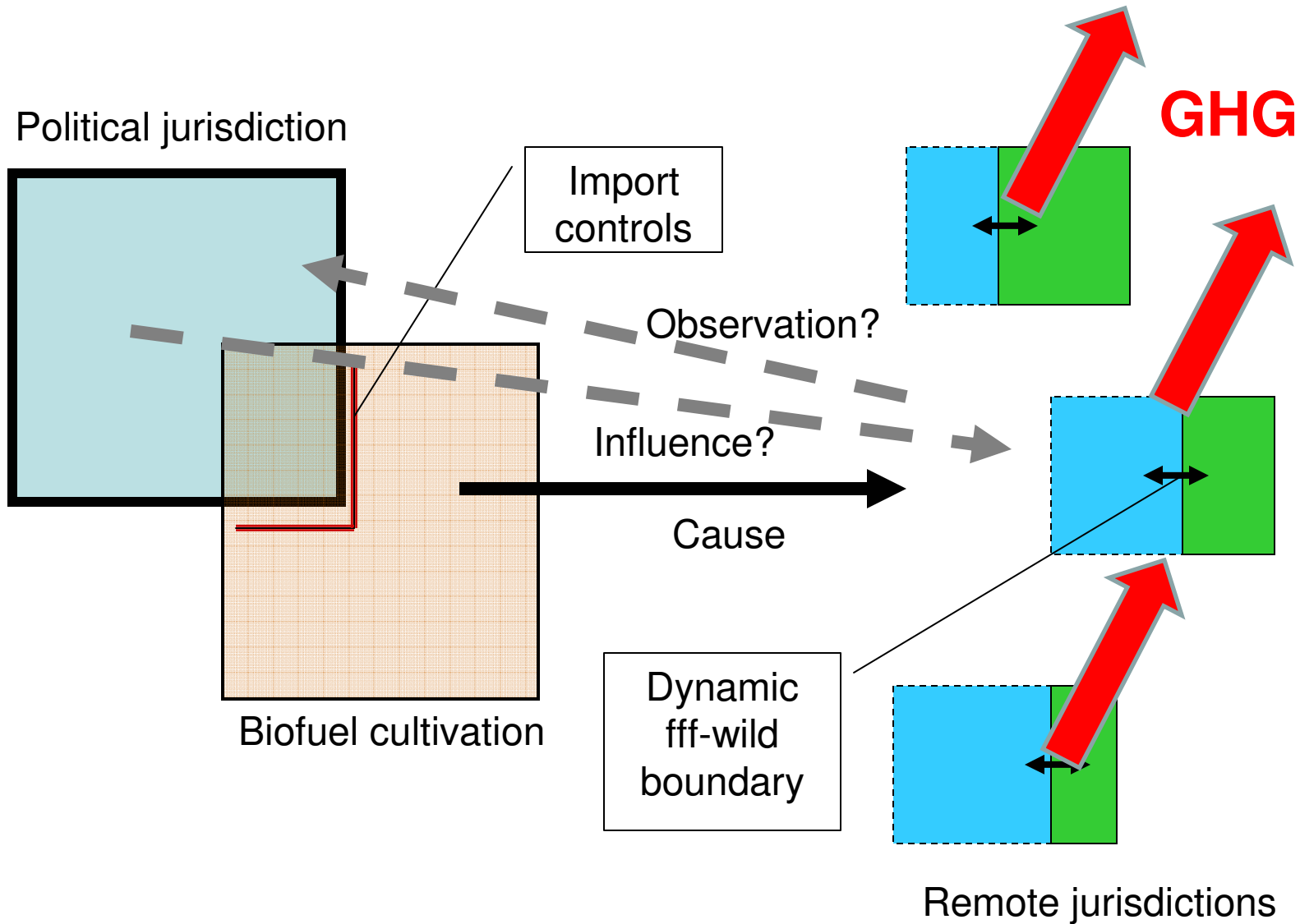
(from Hertel et al 2009)

Idle lands and yield increases

- *If there is a dynamic **fff/wild boundary** anywhere, the only biofuel crops without iLUC GHG releases are grown on land that cannot grow food*

Thought experiment:

- (1) Increase yields, or find 'idle' land with low C stock: a notional empty field.***
- (2) Should it be planted with***
 - (1) fff, with GHG benefits from moving the boundary back (slow sequestration) or forward more slowly (avoided fast release), or***
 - (2) Biofuel, with GHG benefits from displacing fossil fuel?***
- (3) Is the answer different if the land to be planted is now in agriculture?***



What is the RV estimated by these models?

Precisely, it is the value of the LUC GW term as defined by the particular model used considering the variability in its underlying parameters.

It is not, except incidentally, the value a different model would produce.

The concept of operational definition is central here.

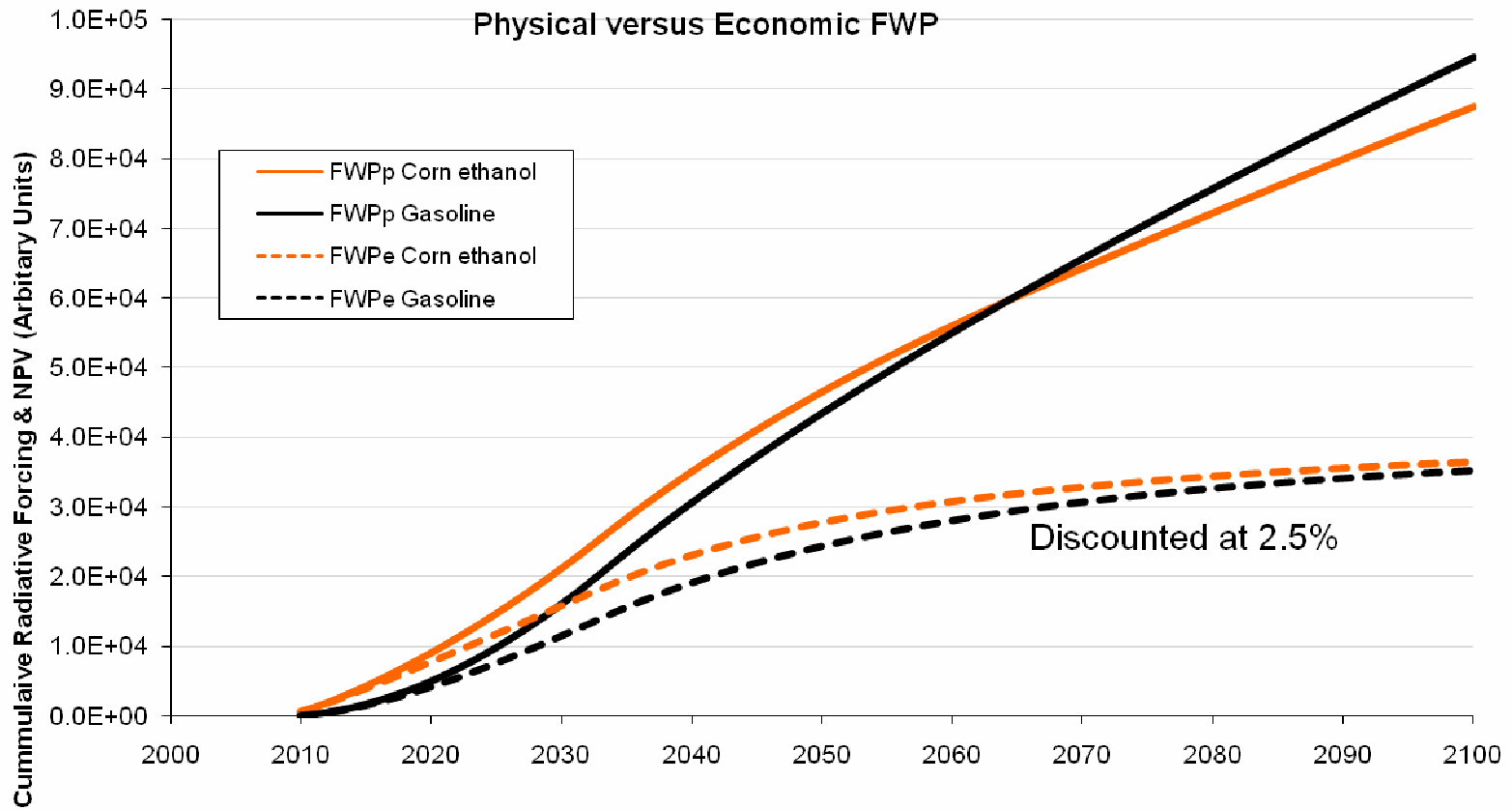
The “uncertainty issue” is the gap between scientific prediction or estimation and the unyielding demand of policy on the ground for a scalar value with infinite precision, and no “safe” direction to err.

Time and “counting” GHG

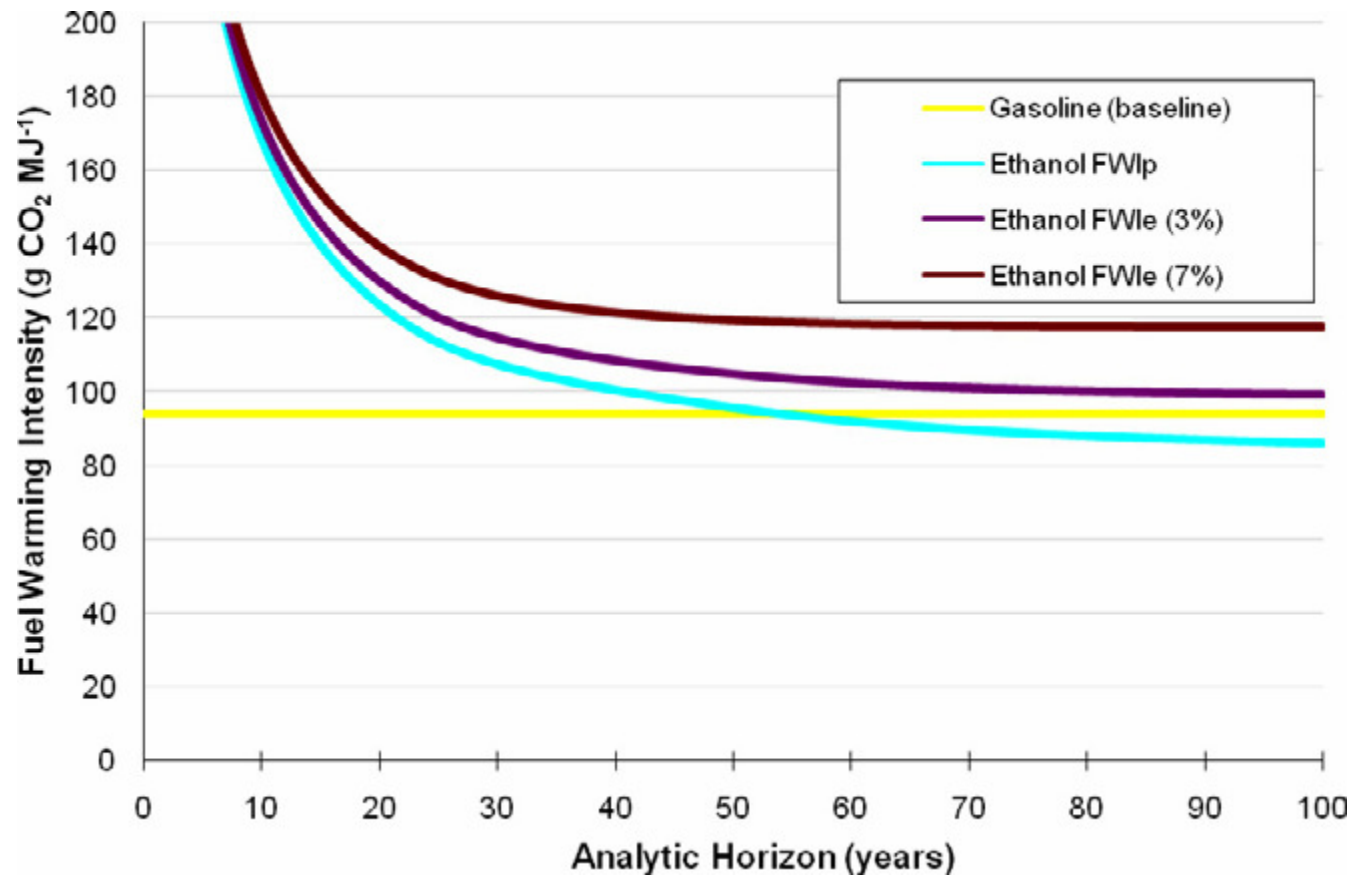
- A unit of GHG discharge now is much worse than a unit twenty years from now
 - Residence time
 - Irreversibilities: probability of a calamity such as collapse of a large grounded ice cap or stopping of the Gulf Stream that would vitiate further GHG reduction.
 - Stern-Nordhaus debate on discounting

Key time issues

- Production period
- Analytic horizon
- Policy horizon
- Policy criterion:
 - Fuel carbon content
 - Atmospheric carbon at target time
 - Integral of carbon release
 - Warming
 - Social cost



FWP(t) is total warming up to time t



Implications

- These models still don't include diminishing warming effect with increasing atmospheric C or other discharges
- ...but even with a very low initial discharge (800 gm/MJ-y capacity) and 25 years' production *there's no time in the next century when there is meaningful GW benefit from using maize ethanol instead of gasoline.*

Brasil is important

- “Far end” of iLUC causal chain
- Is cane ethanol a good LCFS compliance path if we don't have corn ethanol?
- What about biodiesel?
- LUC is critical (CARB: 25 & 45 g)
- Local policy is critical
- Experience instructive for ROW

Kenyan courts halt \$370 million sugarcane, ethanol project over environmental concerns

July 14, 2008

<http://biofuelsdigest.com/blog2/2008/07/14/kenyan-courts-halt-370-million-sugarcane-ethanol-project-over-environmental-concerns/>

FAZENDA ECOLÓGICA – N^a S^a DO LIVRAMENTO – MT
PASTAGEM DEGRADADA – MORRO DA CAIXA D'ÁGUA - (1.994)



1 animal/ha

PASTOREIO RACIONAL VOISIN

Formalizado por André Voisin (1.957)

SISTEMA DE MANEJO QUE PERMITE
O EQUÍLBRIO DO TRINÔMIO

SOLO

PASTO

GADO

ONDE CADA ELEMENTO TEM UM
EFEITO POSITIVO SOBRE OS
OUTROS DOIS

Gado em Pastoreio Voisin na Pastagem Ecológica Fazenda Ecológica - Nossa Senhora do Livramento - MT



GW effects from cane

- *Possible* (cattle intensification absorbs cane land use) vs. *likely* (cattle expand into natural land).
- Direct cane GHG is very low (Goldemberg et al 2008, Macedo et al 2004,2008)
- LUC is critical
- At 20% blend, LCFS target requires 45g ethanol
- WTO rules will matter for policy use

Do we want to make liquid fuel out of biomass anyway?

...or just burn it to make electricity and displace coal!

Non-climate issues

- Biofuel crops are mostly
 - Low labor input
 - Industrial monocrop agriculture
 - Land-hungry
 - Water-thirsty
- Next issues will be “sustainability” considerations
 - Species diversity
 - Rural sociology and economics
 - Etc.

“Sustainability” is another whole can of worms!

- Assessment of effects and association with
‘batches’ of fuel
- Local enforcement capacity
- Commensuration (dimensions & prices)
- Application in a regulatory environment with
real \$ consequences and court
oversight
- WTO rules
- “Goal creep”: LCFS and EISA are GW
(energy security) policies, not
‘every good thing’ policies

Your
thoughts?

