

California's Dairy Cows Should Not Be Experimental Carbon Fodder

By Anja Raudabaugh, CEO

In 2016, the CA dairy industry consented to a historic legislative agreement (SB 1383) with the goal of reducing 40% of our manure methane emissions from a 2013 baseline. This was the first-time livestock methane had ever been regulated and more specifically, a short-lived climate pollutant that is a potent category of greenhouse gas emissions. WUD was hesitant as the bill required nearly half a billion dollars in state incentive funding to help the industry achieve its goal –and even then, it was unclear what the future of the dairy industry would look like by 2024 (the year CARB can begin implementing regulations on livestock methane).

With many partners and steadfast technology providers, seven years later our calculations –along with CARB's, show that the industry is on the cusp of reducing its manure methane emissions by 40%. This is a major success story –for both the state and the industry, one that should be celebrated in more than just diplomatic climate change meetings but also across our dairy supply chain. This important step in providing sustainability benchmarks for dairy's many consumers sets California apart from all other milk producing regions. Yet – as of today, WUD is still fighting to ensure that the deal on methane is the same deal that was cut 7 years ago.

SB 485 (Becker) was recently introduced in the California State Senate. We are working with the author's office on a set of amendments that would make the bill workable for California's dairy farmers. That said, the latest draft of the bill risks vesting CARB with the authority to regulate dairy enteric emissions. The goal of SB 485 is to incentivize the use of enteric feed additives. Currently, however, the bill would require CARB to set a voluntary adoption target of enteric feed additives. Our concern is that the adoption schedule could be used down the road to suggest that our industry is failing to meet our methane reduction goals established in SB 1383.

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Weekly Update Delivery Options

Send change of address or request for delivery to WUD by phone or email at:
(209)527-6453
info@wudairies.com

Struggling with Depression?

Call 1-800-784-2433 any time, 24x7, for a live, trained person to talk with or to find local resources.

LUC: Lecheros Unidos de California

Western United Dairies is proud to host LUC, a clearinghouse of resources to assist in all aspects of searching for and hiring employees for your dairy.

LUC services are offered in Spanish & English & include:

- Free advertisement of job postings to a wide audience of potential employees
- Phone call interviews with translation services
- Access to a pool of pre-screened employees with dairy experience

For more information, visit:
westernuniteddairies.com/lecheros-unidos

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Although we welcome the use of incentives-based approaches so that we can test the efficacy and viability of feed alternatives, it's too soon for CARB mandate or feed adoption schedule. Therefore, we are working towards a set of amendments that would limit CARB's authority under the bill, require a serious study of feed additives with robust industry participation, and build out more incentives-based programs.

As currently drafted, the bill also provides a directive to CARB, through CDFA, to "establish a public awareness campaign to encourage early adoption and purchasing of those products." We are worried that this will lead down a road of specifically labeling milk as "good" milk versus "bad" milk. We have also asked the author to remove this mandate.

WUD has been clear that additional regulation by CARB and labeling milk are not acceptable to our membership. Dairy families have been working their asses off to reduce their environmental footprint across the state. Despite this good work, we have seen that the farmer perspective has been consistently ignored and the threat of enteric reduction mandate remains potent in Sacramento. All the while, those claiming that an enteric protocol is necessary to create or maintain market space on store shelves aren't backing that up with data or strong information demonstrating customers want this type of sustainability. In 2021, WUD commissioned a poll of California consumers which indicated the opposite. Consumers were clear that they did not want their dairy products to be environmentally conscience at the expense of the cow's health and welfare. Enteric technology continues to have far more questions than answers, and the health and welfare of the cow should come first, so says the consumer.

Since WUD first began voicing our strong objections to enteric methane's improper inclusion in CARB's interpretation of SB 1383 - prominent industry voices have suggested that enteric regulation is coming anyway and that we should get out of the way and cut our deal. WUD is here to say that our dairy cows are not fodder for untested enteric protocols. We are very worried that the casual approach to terms like "voluntary" and "early adoption" feels like a towards expensive and mandatory cost of production increases. The risk in allowing any new authority to CARB will be laid exclusively at the feet of the farmer.

In 2018, WUD first flagged to CARB that the agency was misinterpreting SB 1383 by including enteric methane as part of dairy's emissions portfolio. At great financial cost to WUD's members, we solicited legal counsel's opinion on the guardrails within the original intent of the legislature and it was determined on **three separate occasions** that CARB was overreaching in their authority to include dairy enteric methane emissions as well as manure emissions in the overall industry's portfolio that needed to be reduced by 40%.

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Translation: instead of the dairy industry needing to reduce its *manure* emissions by 40% (or ~4.5M metric tons of carbon), CARB is going to require the reduction of total (manure + enteric) *industry* emissions by 40% (or **9 M metric tons of carbon**) This fight between WUD and CARB’s misinterpretation of dairy emissions has only intensified as incentive funding for manure methane has been significantly reduced.

To this day, no other sector in the world has reduced methane the way California dairy farmers have. No other sector has been this proactive in working to achieve greenhouse gas reductions. This achievement should be celebrated and marketed.

WUD is seeking amendments on the legislation that removes any new authority given to CARB over this issue and provides concrete guardrails on the economic viability of any potential feed additives. We invite all who claim to represent the dairy industry to join us in supporting these amendments, which would protect the California dairy farmers, their employees, and this important climate friendly industry. Right now we are asking for solidarity within all segments of the dairy industry until Senator Becker agrees to amendments that get us to neutral on SB 485. We would ask that all dairy associations stay neutral on the bill until we achieve this goal. •

New Podcast Episode: Maas Cow Gas, Maas Revenue with Maas Energy Works

In this episode, Allison Tristao interviews Daryl Maas, CEO of Maas Energy Works. They discuss dairy digesters, Compressed Natural Gas (CNG or Cow Gas) and the potential of adding another revenue stream to your operation.



For more information on Maas Energy Works and their solutions, please visit maasenergy.com

For questions about this episode, please contact Allison at allison@wudairies.com.

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Tulare County Flood Resources

FLOOD HOTLINE: 559-802-9791 opt #4

Report Evacuations, Road/River/Levee Work Requests

WUD has been working with state and local agencies to provide assistance and resources to dairy farmers and farm workers impacted by flooding in Tulare County. We have set-up a landing page on our website to keep producers up-to-date with the latest info – both for those needing help and those wanting to help.

REPORT FARM & PROPERTY DAMAGES

There are now TWO specific links to report damage from the floods. These are SHORT EASY forms that take only a few minutes to complete. If you want to call TCFB/WUD to take a report, we can enter it in the forms.

1. [Tulare County Ag Commissioner's Office Needs Crop & Livestock Reporting](#)
2. [Damages Reported to Tulare County](#)

Anyone in need of assistance completing the Property Damage Form can call Tulare County RMA Call Center (559) 802-9791 between 8am – 8pm.

[SEE MORE RESOURCES](#)

In Case You Missed It

Farm Service Agency in California is Accepting Emergency Conservation Program Applications

>> [Learn More](#)

Appointments Made to the Producer Review Board (PRB)

>> [See the Roster](#)

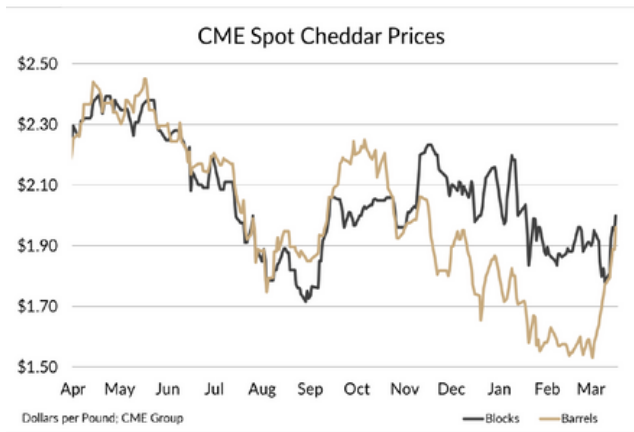
New CDFA Dairy PLUS+ Program Grant Funds Coming in Spring

>> [See the Flyer](#)

WEEKLY MARKET UPDATE


CME cheese markets surged upwards as inventories felt a little tighter. Blocks hit a price last seen in January, while barrels jumped to the highest level since November. Second quarter Class III futures followed suit, leaping to \$19.01 per hundredweight, up \$1.05 on the week.

- CME butter is relatively stable, ticking higher on the week as the approaching spring holidays fuel buyer interest. At the same time, reports suggest there isn't quite as much cream around for cream cheese, ice cream and butter makers. Butter prices ticked higher on the week.
- Whole milk powder prices at the latest GlobalDairyTrade Pulse event settled at \$3,230 per metric ton, or \$1.47 per pound, up 0.6% compared to the previous Pulse, but down 1.4% versus the latest main auction. Spot NDM moved in the opposite direction, moving slightly higher week-over-week.
- Macroeconomic factors, the uncertain future of the Ukraine grain corridor and export sales to China had mixed results on nearby corn futures, which finished Friday above prior week levels. But demand concerns and volatile energy markets weighed heavily on the May soybean contract.
- Flooding is creating major problems for dairies in California's Central Valley, with contacts reporting that some winter crops are underwater and many cows are being evacuated. This is likely to have a negative impact on milk production.
- Consumer prices continued to climb in February, up 6.0% versus 2022 compared to +6.4% the month before. Food prices remain ahead of the overall rate, up 9.5% year-over-year.
- While retail sales increased in February, higher prices are weighing on consumers. Retail sales reached \$697.9 billion, down 0.4% on the month but up 5.4% year-over-year, behind the rate of inflation.



Dairy Revenue Protection Program			
	Futures	Milk Price (Floor) Guarantee @ 95%	Premium Per CWT (CA)
July - September 2023			
Class III	\$19.56	\$18.58	\$0.30
Class IV	\$19.23	\$18.27	\$0.34
October - December 2023			
Class III	\$19.66	\$18.68	\$0.41
Class IV	\$19.94	\$18.95	\$0.52
January - March 2024			
Class III	\$18.95	\$18.01	\$0.44
Class IV	\$19.27	\$18.31	\$0.58
April - June 2024			
Class III	\$18.82	\$17.88	\$0.50
Class IV	\$17.90	\$17.01	N/A
July - September 2024			
Class III	\$17.14	\$16.29	N/A
Class IV	\$17.25	\$16.39	N/A

*As of 3/17/2023 for 95% coverage, 1.0 Protection Factor



Tiffany LaMendola
209.768.6313

CME Commodity Prices					
	Blocks	Barrels	Butter	NDM	Dry Whey
Mar-13	\$1.8100	\$1.7950	\$2.3800	\$1.1700	\$0.4400
Mar-14	\$1.9250	\$1.8400	\$2.3800	\$1.1850	\$0.4375
Mar-15	\$1.9600	\$1.8875	\$2.3800	\$1.1800	\$0.4500
Mar-16	\$1.9525	\$1.8875	\$2.4000	\$1.1800	\$0.4600
Mar-17	\$1.9975	\$1.9600	\$2.4000	\$1.1875	\$0.4675
Average	\$1.9290	\$1.8740	\$2.3880	\$1.1805	\$0.4510
Weekly Change	0.2175	0.1900	0.0675	0.0125	0.0250

Order 51: Latest Prices					
	Nov	Dec	Jan	Feb	Mar
Class I LA	\$26.39	\$24.88	\$24.71	\$23.08	\$21.29
Class II	\$24.67	\$23.11	\$21.61	\$20.83	
Class III	\$21.01	\$20.50	\$19.43	\$17.78	
Class IV	\$23.30	\$22.12	\$20.01	\$18.86	
PPD	\$1.34	\$1.08	\$1.07	\$1.32	
Blend: LA*	\$22.35	\$21.58	\$20.50	\$19.10	
Blend: Tulare*	\$21.85	\$21.08	\$20.00	\$18.60	

*Does not include Quota Deduction

USDA Dairy Margin Coverage (per CWT)						
	Month	All Milk	Feed	Margin Estimate	Indemnity Estimate @ 9.50 Margin	
2022 Program	Jul-22	\$ 25.70	\$ 15.78	\$ 9.92	\$ -	
	Aug-22	\$ 24.30	\$ 16.22	\$ 8.08	\$ 1.42	
	Sep-22	\$ 24.40	\$ 15.78	\$ 8.62	\$ 0.88	
	Oct-22	\$ 25.90	\$ 15.19	\$ 10.71	\$ -	
	Nov-22	\$ 25.60	\$ 14.71	\$ 10.89	\$ -	
	Dec-22	\$ 24.70	\$ 14.94	\$ 9.76	\$ -	
2023 Program	Jan-23	\$ 23.10	\$ 15.16	\$ 7.94	\$ 1.56	
	Feb-23	\$ 21.51	\$ 14.75	\$ 6.76	\$ 2.74	
	Mar-23	\$ 20.82	\$ 14.43	\$ 6.39	\$ 3.11	
	Apr-23	\$ 20.38	\$ 14.32	\$ 6.06	\$ 3.44	
	May-23	\$ 20.32	\$ 13.87	\$ 6.45	\$ 3.05	
	Jun-23	\$ 20.60	\$ 13.79	\$ 6.81	\$ 2.69	
	Jul-23	\$ 20.87	\$ 13.36	\$ 7.51	\$ 1.99	
	Aug-23	\$ 21.53	\$ 13.07	\$ 8.47	\$ 1.03	
	Sep-23	\$ 22.07	\$ 12.75	\$ 9.32	\$ 0.18	
	Oct-23	\$ 22.54	\$ 12.64	\$ 9.90	\$ -	
	Nov-23	\$ 22.84	\$ 12.60	\$ 10.24	\$ -	
	Dec-23	\$ 22.62	\$ 12.57	\$ 10.05	\$ -	

Estimates only. As of 3/17/2023 and based on futures markets which can change daily.

