



March 29, 2022

House Climate and Energy Finance and Policy Committee
Chair Jamie Long
517 State Office Building
St. Paul, MN 551155

RE: HF 2083 (Lippert) Future Fuels Act

Dear Chair Long and Members of the Committee,

The Minnesota Corn Growers Association and the Minnesota Soybean Growers Association respectfully submit the following written testimony on HF 2083 (Lippert) Future Fuels Act.

The Minnesota Corn Growers Association (MCGA) represents nearly 6,500 dues-paying corn farmer members and the Minnesota Soybean Growers Association (MSGA) represents nearly 3,000 dues-paying soybean farmer members. Our members are proud of their contribution towards raising crops that are primary feedstocks for Minnesota's robust biofuels sector that provide multiple benefits to Minnesota's economy and environment including cleaner air, lower transportation sector carbon emissions and reduced fuel costs for consumers and business.

Minnesota has been a national leader in biofuel production and utilization in reducing reliance on petroleum while providing an incredibly important value-added opportunity for Minnesota corn and soybean farmers. Minnesota currently produces nearly 1.1 billion gallons ethanol and has over 410 retail fueling locations where consumers can choose higher blends of ethanol blended fuel. There is abundant opportunity to expand higher blends of ethanol fuel in Minnesota and make even greater contributions towards emissions reductions in the transportation sector. When all supply chain emissions are properly evaluated on a lifecycle basis, today's average corn ethanol reduces GHG emissions by 42-52 percent compared to gasoline. This has been documented by the U.S. Department of Energy, Harvard University, MIT, Tufts, the California Air Resources Board, USDA and others.

Minnesota is home to three Biodiesel plants that together produce over 85 million gallons of Biodiesel a year from a variety of feedstocks. Used cooking oil, byproduct ethanol corn oil, soybean oil, rendered animal fats and oils, canola oil, oil from cover crops and even brown grease from sewage plants were processed by Minnesota's plants in the past year. This year, Minnesota celebrates the 20th anniversary of the passage of our Biodiesel mandate. Minnesota is still the only state in the nation with a Biodiesel mandate in our diesel vehicle fuel. This summer will mark the fifth summer with 20% of diesel fuel being made up of Biodiesel. According to the American Lung Association in Minnesota, the use of biodiesel

significantly reduces tail pipe emissions. B20 is expected to reduce 130 tons of particulate emissions and approximately 1 million tons of CO₂ next year. The Minnesota Soybean Research & Promotion Council has invested checkoff dollars into technology to produce Biodiesel that uses significantly less energy than traditional biodiesel plants. This new technology will lower the carbon emissions from diesel vehicles in Minnesota even more.

HF 2083 proposes to establish a Minnesota Clean Fuel Standard (CFS), also referred to as a Low Carbon Fuel Standard (LCFS) via agency rulemaking. Our associations appreciate that the Minnesota House of Representatives is considering legislation that recognizes that valuable contributions that today's production of ethanol, biodiesel, renewable diesel and other biofuels can help to meet Minnesota's greenhouse gas emission reduction goals in the transportation sector, but we do have concerns with the current version of HF 2083.

A CFS/LCFS policy is a complicated, multi-faceted transportation emission reduction policy. Unfortunately the current version of HF 2083 leaves several important policy design questions to be determined through agency rulemaking instead of detailing important aspects of the policy as determined by the Legislature. It is our position that if we are to enact a truly fuel-neutral policy where all low carbon fuel alternatives compete on a level-playing field, the Legislature should determine policy design questions and not leave it entirely up to administrative rulemaking.

Another significant concern for Minnesota's corn and soybean farmers is how or if a MN CFS/LCFS will account for emissions from farm practices in the lifecycle assessment (LCA) of a clean fuel pathway. Subd.2, paragraph (c), clause (7) references accounting for farm practices in the lifecycle, but does not define the process to be used, the data required to make the determination or how that farm-level data will be protected. Minnesota corn and soybean farmers are already adopting voluntary conservation practices that help to improve soil health and water quality and we recognize there could be opportunity to reward farmers adoption of conservation practices but how that process will work and what will be required of the farmer does carry risk without specific direction from the Legislature.

A market-based low carbon fuel policy must be based on a consistent carbon performance standard and ensure equal metrics in measurement of carbon intensity, including treatment of direct and indirect emissions of vehicle technologies and fuels. The bill defines the GREET model as the definitive tool to do the measurement, but also leaves it up to agency rulemaking to adopt the model for Minnesota. We have witnessed in other jurisdictions such as California, that when the GREET model has been adapted for state use, indirect land use change penalties have created an unequal playing field in evaluating LCA emissions among low carbon fuel options resulting in a competitive disadvantage for biofuels.

MCGA and MSGA are also concerned with what a Minnesota only approach could mean for fuel prices in our state. California saw increases at the pump after they implemented their LCFS. According to Stillwater Associates, the LCFS increased the cost of gasoline and diesel fuel by **22 cents per gallon** in California in 2020. Every state and Canada have seen increases at the pump after they passed a LCFS. We believe that an approach that incorporates more of the Midwest region could help defray some of the costs. The proponents of the bill think that if they pass this bill here that other states will follow suit. This has not been the case with the biodiesel mandate. While other states have passed incentives up to

B12, no other Midwest state has taken as bold of a carbon cutting step that B20 has been in Minnesota. At a time where legislators are talking about a gas tax holiday and not hearing bills that propose a new wholesale fee of 1.3 cents to pay for needed infrastructure to increase biofuel blends, a bill that potentially raises the price of gas as significantly HF 2083 is not in Minnesota's best interest.

MCGA and MSGA are excited by the current innovation happening in biofuel production, such emerging technology that will result in even lower carbon emissions or the commercialization of renewable diesel and voluntary adoption of conservation practices by Minnesota corn and soybean farmers but we remain concerned with the current version of HF 2083.

Our associations participated in the stakeholder process convened by the Minnesota Department of Agriculture (MDA) and Minnesota Department of Transportation (MN DOT) to examine a CFS/LCFS policy for Minnesota. The process is supposed to result in a whitepaper detailing the broad input collected from a diverse range of stakeholders, including our associations, but that has not been published yet. We think it will be important to build on the work from MDA/MN DOT to design a truly technology-neutral clean fuel policy for Minnesota that will fairly evaluate and recognize the contribution of biofuels to reduce carbon sector emissions. We hope that the Minnesota House of Representatives can continue to find ways to increase biofuel utilization in Minnesota's transportation sector.

Sincerely,



Bryan Biegler
President
Minnesota Corn Growers Association



Mike Skaug
President
Minnesota Soybean Growers Association