



SM 3206

March 16, 2021

Honorable Zack Stephenson  
Chairman, House Commerce Finance and Policy Committee  
Minnesota House of Representatives  
517 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd  
St. Paul, MN 55155

To Chair Stephenson,

General Motors LLC (GM) is committed to joining with you to address climate change, improve public health, and drive economic growth in Minnesota. We appreciate your hearing of the Future Fuels Act directing the Department of Commerce to design and implement a low carbon fuel standard and encourage you and your colleagues to support the bill.

#### Low Carbon Fuel Standards Have Many Benefits

GM takes the challenge of climate change seriously and recognizes the role of the transportation sector in contributing to global greenhouse gas (GHG) emissions. This is a driving force behind our vision of a future with zero crashes, zero emissions, and zero congestion. Addressing climate change in an effective and sustainable manner requires a clear, stable, economy-wide approach. The best policies are broadly applied and aim to incentivize economic actors to respond in ways that achieve emissions reductions at the lowest societal cost. GM agrees with the consensus opinion of most economists that predictable policies that leverage market mechanisms and place a monetary value on carbon dioxide emissions are the most cost-effective options. Ultimately, to achieve the greatest reductions and maximize efficiency we believe such policies should be applied on a national basis.

However, as we work toward the longer-term goal of a nationwide market-based policy to reduce emissions, GM often takes the opportunity to express support for state-based initiatives like the Future Fuels Act. Like cap-and-trade programs, low carbon fuel standards such as that proposed here use the power of markets—introduced through credit/deficit

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trading mechanisms—and strong economic incentives to reduce greenhouse gas emissions and air pollution from the transportation sector.

Such policies also have other advantages:

- **Low carbon fuel standards are effective.** In several states and provinces, low carbon fuel standards have a proven track record of success in reducing GHG emissions. In California, for example, between 2019 and 2030 the California Air Resources Board projects its program will reduce emissions by 97 million metric tons.<sup>1</sup>
- **Low carbon fuel standards can create new revenues to support vehicle electrification.** Low-carbon-intensity fuel providers generate credits they can sell to other regulated parties to support their compliance. With the appropriate program design in place, the proceeds of these credit sales when generated by electric vehicle (EV) charging can be invested to support complementary policies, such as EV purchase rebates, that catalyze the EV market's growth. As Minnesota explores opportunities to rapidly develop its EV market, this would be a critical complementary policy.
- **Low carbon fuel standards spur economic growth.** Clean fuels standards encourage investment across the full breadth of the clean fuels market, from electrified transportation to biofuels to the emerging and promising field of net-zero-carbon synthetic fuels. This investment can create jobs expanding EV charging infrastructure, producing new fuels from bio feedstocks, or manufacturing EVs.

GM's experience as an EV industry leader has only served to underscore the importance of these benefits. We were the first automaker to invest in and launch a mass-market, long-range EV for everyone—the Chevrolet Bolt—as the first step on our path to an all-electric future. More exciting EV models have debuted in recent months, including the Cadillac Lyriq and Hummer EV, promising greater variety in electrified transportation than ever before. But automaker investments and EV model availability are just two of several important factors that must play a role in transforming and ultimately decarbonizing the transportation sector. Currently the market for EVs remains relatively small, with high battery costs driving up retail vehicle prices and inconsistent charging availability undermining consumer confidence in the utility of EVs. Therefore, there is an urgent need for public policies that support the growth of a profitable EV market. Minnesota's proposed LCFS could generate new revenues for the region to do just that.

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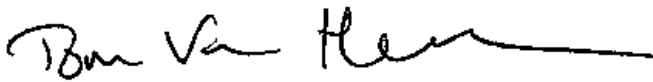
<sup>1</sup> [https://lao.ca.gov/Publications/Report/3912#Low\\_Carbon\\_Fuels](https://lao.ca.gov/Publications/Report/3912#Low_Carbon_Fuels)

### The Future Fuels Act Can be Part of a Comprehensive Approach to Addressing Climate Change in Minnesota

A low carbon fuel standard like the one proposed in the Future Fuels Act can be an effective policy solution for reducing transportation emissions in the state while driving economic growth and accelerating vehicle electrification. It could also serve as a blueprint for other state programs across the Midwest, cementing Minnesota's role as a climate leader and creating the possibility of an expanded regional market. This can be a win-win-win for the economy, the environment, and the people of Minnesota. GM encourages you to support its passage as Chair of the Commerce Finance and Policy Committee.

We appreciate the opportunity to engage with you on this important issue and look forward to the ongoing statewide discussion.

Sincerely,

A handwritten signature in black ink that reads "Tom Van Heeke". The signature is fluid and cursive, with a long horizontal stroke at the end.

Tom Van Heeke  
Policy Lead, Mobility and Climate Change  
Global Public Policy  
General Motors Company