



March 9, 2023

Senate State and Local Government and Veterans Committee
Chair Erin Murphy
Ranking Member Bruce Anderson
Minnesota Senate Building, Room 1200
St. Paul, MN 55155

Dear Chair Murphy and Ranking Member Anderson:

On behalf of the Minnesota Bio-Fuels Association, I respectfully submit the enclosed letter as testimony on S.F. 2584, the Clean Transportation Standard Act.

Sincerely,

Brian Werner
Executive Director
Minnesota Bio-Fuels Association

Enclosure: December 15, 2022 Letter to Governor Walz

December 15, 2022

The Honorable Tim Walz
Governor, State of Minnesota
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Governor Walz:

As your administration continues to examine whether to bring forward and support a low carbon fuel standard in the upcoming legislative session, we the undersigned organizations welcome the opportunity to work with your administration to ensure that any such standard fully incorporates the priorities of agricultural feedstock and renewable fuel producers.

Low carbon fuel standards are complex and multi-faceted. If crafted properly, and combined with complementary policies, we believe that a low carbon fuel standard in Minnesota offers the potential to both lower greenhouse gas emissions from our transportation sector and support communities in greater Minnesota.

Previous legislative efforts have deferred program specifics to agency rulemaking. There is a role for agency rulemaking in a low carbon fuel standard, but previous legislation has failed to include several important policy design aspects that are too critical to leave solely up to the discretion of rulemaking. For a low carbon fuel standard to be successful in our state, program specifics must be uniquely tailored to Minnesota while taking into account the following principles and complementary policies:

- Technology and feedstock neutral. Whether through policy design or implementation, a low carbon fuel standard must not pick winners or losers among the types of fuels that reduce greenhouse gas emissions. We oppose any policy that seeks to prohibit credit generation from low carbon biofuels or solely devotes credit revenue to one technology over another. A level playing field for all technologies and fuels is key to achieving carbon sector emissions reductions.
- Proper accounting for feedstock production practices and evaluation of carbon intensity. A consistent carbon performance standard that ensures equal metrics in the measurement of carbon intensity is critical to a market-based low carbon fuel standard. We support the use of the Department of Energy's Argonne GREET model for the measurement of the emissions impacts of transportation fuels, as long as its adaptation for state use does not incorrectly apply indirect land use change penalties or other penalties not applied to other low carbon fuel technologies that result in an unlevel playing field for biofuels.

Additionally, work is ongoing to enhance the science that informs the level of carbon reductions from the adoption of voluntary conservation practices. As such, accounting for emissions from on-farm practices in the lifecycle assessment should be based on a clearly defined process that relies on verifiable data and allows the use of realistic state or regional values or aggregated farm practice data from a fuel shed production area. Any process must fully protect farm-level data.

- Increased market access for renewable fuels. Biofuels are a readily available alternative to fossil fuels that have been shown to lower carbon emissions. When emissions are properly evaluated on

a lifecycle basis, corn ethanol reduces emissions by between 42 – 52 percent¹ as compared to gasoline, and biodiesel and renewable diesel by 74 percent² compared to petroleum diesel.

A market-based low carbon fuel policy should both utilize and double-down on the carbon reduction benefits of biofuels. This can be accomplished by increasing market access through funding for biofuel infrastructure, approving higher ethanol blends, and removing regulatory barriers to higher ethanol blends.

- Regional collaboration: Ultimately, we believe a low carbon fuel standard would be more successful under a regional model. Although this is harder to do, we think it is possible and would urge collaboration with other Midwestern states on policy design. Ultimately it will be up to each individual Midwestern state to adopt a policy, but early coordination and collaborative development on the policy design would help to ensure harmonization and efficient implementation in multiple Midwest states with similar economic characteristics.

Finally, because the Minnesota Clean Car standards are tied to California's authority under the Clean Air Act to set its own air emission regulations, we are mindful that updated rules to phase out the sale of internal combustion engines by 2035 will soon force the state to either revert to the federal standards or adopt similar mandates. Reducing carbon emissions from our transportation sector and putting Minnesota on track to meet its climate goals will take an all-of-the-above approach that utilizes immediate, affordable, and abundant tools like low carbon biofuels.

Through improvements in feedstock and production practices, biofuels will soon reach near net-zero carbon emissions. Adopting regulations to phase out the sale of internal combustion engine vehicles in Minnesota would undermine the efficacy of any low carbon fuel standard and unnecessarily restrict consumer access to cleaner burning, higher octane, and lower priced biofuels. We respectfully request that your administration clearly state your intention to ensure that all low-carbon fuel options remain available for Minnesota consumers in future vehicle emission regulations, and whether it plans to adopt the new California vehicle emission standards or revert back to the federal standards. We cannot move forward on collaboration for a low carbon fuel standard until we are certain that a long-term transportation future in Minnesota will include low carbon biofuels.

We are aware that your administration is being asked to bring forward and support a low carbon fuel standard in the upcoming legislative session. We do not believe legislation considered during the previous legislative session meets several of the critical policy design aspects we have outlined. We would urge caution in proceeding without developing legislative language that truly achieves a technology neutral low carbon fuel standard and instead defers critical policy design considerations up to agency rulemaking. To be frank, we don't think previous legislation is ready for further consideration without significant input from a broader range of stakeholders representing including in-state biofuel producers, Minnesota farmers and greater Minnesota communities.

¹ Uisung Lee, Hoyoung Kwon, May Wu, & Michael Wang (2021). *Retrospective analysis of the U.S. corn ethanol industry for 2005-2019: implications for greenhouse gas emission reductions*. *Biofuels, Bioproducts, & Biorefining* 15:5, 1318-1331, <https://doi.org/10.1002/bbb.2225>

² Chen, Rui, Qin, Zhangcai, Han, Jeongwoo, Wang, Michael, Taheripour, Farzad, Tyner, Wallace, O'Connor, Don, and Duffield, James. *Life cycle energy and greenhouse gas emission effects of biodiesel in the United States with induced land use change impacts*. United States: N. p., 2018. Web. <https://doi.org/10.1016/j.biortech.2017.12.031>

We look forward to working with your administration to ensure that any such standard fully incorporates the important role that Minnesota farmers and renewable fuel producers can continue to play in reducing carbon emissions.

Sincerely,

Green Plains, Inc.
Minnesota AgriGrowth Council
Minnesota Bio-Fuels Association
Minnesota Corn Growers Association
Minnesota Farm Bureau Federation
Minnesota Farmers Union
Minnesota Soybean Growers Association
Minnesota Rural Electric Association
POET, LLC
The Cooperative Network

CC:

Commissioner Thom Petersen, MN Department of Agriculture
Commissioner Katrina Kessler, MN Pollution Control Agency
Commissioner Nancy Daubenberger, MN Department of Transportation
Commissioner Grace Arnold, MN Department of Commerce