



March 16, 2021

Honorable Zack Stephenson
Chairman, House Commerce Finance and Policy Committee
Minnesota House of Representatives
509 State Office Building
St. Paul, MN 55155

Dear Chairman Stephenson:

On behalf of the members of the American Coalition for Ethanol (ACE), I write in support of HF 2083 (also referred to as the Future Fuels Act), a bill to reduce the carbon intensity (CI) of transportation fuel in Minnesota.

HF 2083 would establish a performance standard to ensure annual reductions in the CI of fuel. Sellers of fuel meeting or outperforming the standard would receive compliance credits, while sellers of high carbon fuel who underperform would generate deficits. To attain compliance, deficit holders would either need to blend low carbon fuels, such as ethanol, or buy credits from low carbon sellers.

This legislation is modeled after work by the Great Plains Institute (GPI), ACE, and others to form the Midwest Clean Fuels Policy Initiative, a diverse coalition of agriculture, environmental, scientific, electric vehicle, and biofuel organizations in support of a technology-neutral and market-based approach to decarbonize transportation fuels. Rather than having the government pick winners and losers, our coalition supports a portfolio of low carbon fuels, a level playing field, and fair competition to benefit biofuel producers, consumers, agriculture, utilities, and public health. We are grateful the Future Fuels Act is modeled after recommendations our coalition published a year ago, [A Clean Fuels Policy for the Midwest](#).

It should be noted that HF 2083 also supports the goals of the Minnesota Governor's Council on Biofuels November 2020 [report](#) and the [clean fuel policy principles](#) put forth by the Minnesota Department of Transportation.

This legislation can help Minnesota increase the use of E15 and higher ethanol blends. In fact, according to scenario modeling commissioned by GPI and ACE, the quickest and lowest-cost way to achieve a 15 and 20 percent reduction in the CI of transportation fuels in Minnesota is by increasing the use of E15, E30, and E85. Evidence from existing clean fuel programs supports this finding. Since California enacted the Low Carbon Fuel Standard in 2011, demand for E85 has quadrupled and the state is in the process of allowing the use of E15.

HF 2083 would also reward farmers for climate-smart practices to help reduce the overall CI of corn ethanol. The legislation would require the use of the most recent version of the Greenhouse gases, Regulated Emissions and Energy use in Technologies or GREET model to determine the CI of transportation fuels. GREET is considered the global gold-standard for estimating transportation fuels lifecycle greenhouse gas (GHG) emissions. According to the latest GREET model, average corn ethanol is nearly 50 percent cleaner than gasoline today. The credit market established under the Future Fuels Act would provide a meaningful return on investment to farmers for practices that sequester carbon in the soil.

In addition to increasing ethanol demand and providing incentives to farmers for conservation practices, HF 2083 would support economic development for Minnesota. According to an economic analysis commissioned by GPI and ACE, reducing the CI of transportation fuel in a Midwest state by 15 percent from 2021 to 2030 would support 15,000 jobs, create nearly \$1 billion in employment income, and generate approximately \$250 million in economic activity for biofuel producers and farmers annually.

Nearly a dozen states are considering the enactment of a low carbon or clean fuel standard such as the Future Fuels Act, but we encourage Minnesota to take the lead and show how a technology-neutral approach in the Midwest can tackle climate change in a way that also spurs economic growth, particularly for rural communities.

ACE stands ready to support Minnesota in successfully enacting and implementing HF 2083. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Jennings". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian Jennings, CEO
American Coalition for Ethanol