RE: Support for HF 1477

Bioeconomy Coalition of Minnesota's 2023 Policy Positions

The Bioeconomy Coalition of Minnesota's Policy Committee works together to advocate for policies that help the bioeconomy grow, with an emphasis on supporting Minnesota's Bioeconomy Production Incentive Program. The policy positions outlined below reflect the direction of the coalition for the 2023 legislative session, and are supported by the following members:

Amp Americas
APEX
Clean Energy Economy Minnesota
Conservation Minnesota
Delta Airlines
Dovetail Partners
Ever-Green Energy
Gevo
Great River Energy
Highwater Ethanol
Koda Energy
Minnesota Biofuels Association
Minnesota Forestry Association
Oberon Fuels
Rahr Corporation
Partnership on Waste and Energy
Sappi

Fully fund the Minnesota Bioincentive Program. The Minnesota legislature created the performance-based Bioincentive Program to encourage commercial-scale production of advanced biofuels, renewable chemicals, and biomass thermal energy. Companies do not receive upfront dollars in the form of grants or loans. They must first invest in a project and begin producing eligible products to receive incentive payments. This ensures that the program pays for itself through increased jobs and economic benefits, and it does not put the state at risk of paying for projects that fail to materialize. In 2022, the Minnesota legislature agreed upon a modest increase in funding for the Bioincentive Program, up from $4.5 million to $5.75 million annually. However, the program requires $15 million annually in funding to support Minnesota's bioeconomy and fully realize its potential economic and environmental benefits. ***The Bioeconomy Coalition of Minnesota supports a fully funded Bioincentive Program so that Minnesota can fulfill its commitment to companies that have made investments in the state and so the program can continue to attract additional projects.***

Support markets for wood residuals, bug-infested waste wood, and underutilized wood. Multiple trends are creating challenges for Minnesota's wood industries. Markets for mill residuals are declining, causing many mills to stockpile their residuals. Additionally, insect

infestations like emerald ash borer (EAB) are increasing wood waste. End markets for EAB-contaminated wood are currently limited due to restrictions on the movement and management of the material. Developing sustainable markets is essential to the long-term health of Minnesota's existing wood industries and to long-term management of forested lands. ***The Bioeconomy Coalition of Minnesota supports policy that strengthens markets for wood residuals, bug-infested wood, and other under-utilized wood.***

Support the advancement of anaerobic digestion projects. Anaerobic digestion technology has been successful in other parts of the United States and Europe, where organic materials are processed into renewable energy products. Biogas produced through anaerobic digestion can be used on-site for electricity generation, upgraded partially for use in compressed natural gas vehicles, or upgraded to pipeline-quality renewable natural gas for sale into low-carbon fuels markets or the Renewable Fuels Standard. In each case, biogas displaces the use of conventional fuels, resulting in greenhouse gas emissions reductions. ***The Bioeconomy Coalition of Minnesota supports legislation, regulation, funding, and utility dockets that advance the development of anaerobic digestion projects in Minnesota.***

Support implementation of the recommendations from the Governor's Council on Biofuels. Governor Walz signed Executive Order 19-35 in September 2019, establishing the Governor's Council on Biofuels to advise the governor and agency leaders on policy and budget proposals to foster the growth of Minnesota's biofuels industry. The council released recommendations to Governor Walz on November 2, 2020. ***The Bioeconomy Coalition of Minnesota agrees with the recommendations developed by the council and supports administrative and legislative action to implement those recommendations.***

- The Coalition particularly emphasizes the goals of:
- Supporting E15 blending year-round
- Supporting increased investment in biofuel blending infrastructure
- Supporting the passage of a clean fuel standard/low carbon fuel standard

Support biogenic carbon reduction, re-use, and storage. Capturing, storing, and utilizing biogenic carbon—or carbon already pulled from the atmosphere through photosynthesis and stored in plant material—presents an opportunity for not just zero-carbon but net-negative carbon energy, fuels, and products. With more federal incentives becoming available for carbon reduction and sequestration, many states will be competing for industry investments. Creating more state-level incentives would make Minnesota more attractive for investments that incorporate soil carbon storage, carbon capture, carbon utilization, and more. This presents an opportunity to maximize the carbon removal benefits for use of state biomass resources while promoting economic development. ***The Bioeconomy Coalition of Minnesota supports legislation and funding to support biogenic carbon reduction, re-use, and storage in the state.***

Support efforts related to on-site utilization of biomass waste for heat and electricity generation. Providing incentives for distributed generation would support energy production from biomass waste. This would lead to increased waste utilization and lower costs due to reduced reliance on transmission infrastructure. This is also an opportunity for state policy to fill

a gap left by federal incentives, which do not provide sufficient support for distributed generation. ***The Bioeconomy Coalition of Minnesota supports legislation and funding to support on-site waste utilization.***

Provide financial incentives for sustainable aviation fuel production for use in Minnesota. Multiple airlines are making commitments to reduce their carbon footprints by utilizing sustainable aviation fuel, and federal funding for clean fuel production is expected to increase investments further in sustainable aviation fuel over the coming years. A state-level incentive would ensure that Minnesota is well positioned to compete for—and thus benefit from—those investments. ***The Bioeconomy Coalition of Minnesota supports legislation and funding to support sustainable aviation fuel production and use in the state.***