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America's Ethanol Supporters

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November 1, 2021

Secretary Tom Vilsack
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

RE: Climate-Smart Agriculture and Forestry Partnership, Docket No. USDA-2021-0010

Dear Secretary Vilsack,

Thank you for the opportunity to submit comments to the U.S. Department of Agriculture (USDA) regarding the agency's proposed Climate-Smart Agriculture and Forestry Partnership (CSAF) Program. Biofuels like ethanol are a readily available, renewable energy solution that reduces carbon emissions today and would play an important role in USDA's efforts to include farmers in our nation's climate goals.

Growth Energy is the world's largest association of biofuel producers representing 92 U.S. plants that produce almost 8 billion gallons of cleaner-burning, renewable fuel annually; 90 businesses associated with the production process; and tens of thousands of biofuel supporters across the country. Together, we are working to bring better and more affordable choices to the fuel pump, improve air quality, and protect the environment for future generations. Biofuels have long been an economic driver for our rural economies. The United States is home to 210 biorefineries across 27 states that have the capacity to produce more than 17 billion gallons of low-carbon, renewable liquid fuel while supporting more than 300,000 American jobs.

Ethanol is also the second-largest customer to 300,000 U.S. corn growers with roughly one-third of the field corn crop used to produce fuel ethanol each year[1]. In a particularly unusual year of depressed demand in 2020, the ethanol industry purchased 4.78 billion bushels of corn to produce nearly 14 billion gallons of biofuels and more than 36.4 million tons of dried distillers grains[2]. Also in 2020, 26.6% of field corn went into fuel

[1] National Corn Growers Association. https://www.ncga.com/key-issues/current-priorities/ethanol
[2] "Grain Crushings and Co-Products Production- 2020 Summary," U.S. Department of Agriculture. March 2021. https://downloads.usda.library.cornell.edu/usda-esmis/files/v979v304g/jh344m06h/1j92h279h/cagcan21.pdf

ethanol[3]. Biorefineries employ a skilled workforce in small, rural communities and are often the epicenter of the local economy. Accordingly, we have a strong interest in the future success of American agriculture.

We appreciate the chance to comment on USDA's proposed CSAF Program and look forward to partnering with you in these efforts. Growth Energy's comments on USDA's specific questions can be found below:

Question 1- How would existing private sector and state compliance markets for carbon offsets be impacted from this potential federal program?

States like California, Oregon, and Washington are all placing an emphasis on incorporating more carbon-friendly fuel into their transportation supply via the states' Low Carbon Fuel Standard (LCFS) and Clean Fuel Standard (CFS) programs. According to a recent study by Environmental Health and Engineering, Inc., ethanol reduces greenhouse gas emissions (GHGs) by 46 percent[4] compared to traditional gasoline. The LCFS establishes a premium on fuel sources which have lower carbon intensity (CI) scores to act as an incentive to fuel producers. Since the program was implemented more than ten years ago in California, biofuels like ethanol have been responsible for nearly 80% of all carbon reductions credited under the LCFS, with the recorded CI of ethanol declining 33% since 2011[5]. Biofuels continue to provide the foundation towards reaching goals set in both California's LCFS and Oregon's CFS, but the benefits to the American farm economy could be improved.

For example, the LCFS does not currently account for low-carbon farming practices when rating the CI for various biofuels. Using less fertilizer through precision agriculture technologies lowers nitrogen use and would improve ethanol's CI score. The score can be lowered significantly through the use of updated modeling which accurately reflects the carbon sequestered with the planting of corn, a natural carbon sink. Further improvements can be made by ethanol feedstock producers adopting techniques like no-till and planting cover crops which help keep nutrients in soil. Accounting for the CI benefits brought by techniques like this would provide a greater premium for ethanol producers and the farmers they support.

Lastly, more states are exploring LCFS programs similar to California and Oregon, with state laws already approved in Washington and legislation recently introduced in New Mexico, Minnesota, and New York.

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[3] "Corn Usage by Segment 2020," National Corn Growers Association. April 2021. https://www.worldofcorn.com/#corn-usage-by-segment

[4] "Carbon Intensity of corn ethanol in the United States: State of the science," Environmental Health & Engineering, Inc.. Melissa Scully, Gregory Norris, Tania Alarcon Falconi, and David MacIntosh (March 2021). https://iopscience.iop.org/article/10.1088/1748-9326/abde08.

[5] "Data Dashboard: Low Carbon Fuel Standard," California Air Resources Board. July 2021, https://ww3.arb.ca.gov/fuels/lcfs/dashboard/dashboard.htm.

We hope to see these sort of farm practices included through USDA's proposed CSAF Program in order for ethanol to receive more accurate and improved treatment when scoring its CI.

Question 2- In order to expand markets, what should the scope of the Climate-Smart Agriculture and Forestry Partnership Program be, including in terms of geography, scale, project focus, and project activities supported?

The CSAF Program should establish a nationwide scope which credits farmers of all commodities for instituting carbon-friendly agriculture practices, especially for corn, soybean, and sorghum farmers.

For project activities, there has been a wealth of data including a recent study done by Argonne National Laboratory that show the possibility of a 35 percent reduction in carbon intensity through adoption of current best on-farm practices such as cover crops, strip tillage, reduced fertilizer use, and other innovations[6]. Allowing appropriate credit will help ethanol producers continue to further innovate and lower their carbon intensity, while providing key incentives for farmers to adopt these effective conservation practices. USDA is best positioned to accurately determine how precision agriculture and improved practices lower carbon intensity scores for farming, and therefore the overall carbon intensity for ethanol. This will make biofuels like ethanol a more attractive solution towards addressing climate change when advanced farming practices are appropriately recognized.

Question 3- In order to expand markets, what types of CSAF project activities should be eligible for funding through the CSAF Program? Projects should promote the production of climate-smart commodities and support adoptions of CSAF practices. Examples may include:

a. Activities that develop standardized supply chain accounting for carbon-friendly products; activities that provide supply chain traceability, innovative financing for low-carbon fuel from ag feedstocks, green labeling efforts, etc.

In September 2021, the Biden Administration set aggressive goals to advance the use of cleaner and more sustainable fuels in the aviation industry called the Sustainable Aviation Fuel Grand Challenge. This includes an increase in the production of sustainable aviation fuels to at least 3 billion gallons per year by 2030 and 35 billion gallons per year by 2050. Ethanol is a main feedstock for SAF production and will be playing a major role in meeting these goals. The carbon benefit recognition brought by USDA's proposed CSAF program will be critical for market competition within these aviation fuel markets.

Therefore, we believe the scope of the program should be expanded to positions further up the supply chain for various agricultural products, including biorefineries. Carbon-

[6] Argonne National Laboratory: https://www.anl.gov/article/argonnes-pivotal-research-discovers-practicestechnologies-key-to-sustainable-farming.

friendly farming practices should receive proper recognition so that ethanol can meet the demand set by the SAF Grand Challenge.

e. **Activities that generate voluntary carbon offsets through CSAF practices. Within carbon offset markets, the GHG benefit is separated from the commodity and sold as a carbon offset credit. Should USDA consider hybrid approaches where the GHG benefit could be assigned to a climate-smart commodity, or separated and sold as a voluntary carbon offset?**

We do not have a position on this question as long as the sale of the carbon offset would not prove detrimental to the overall carbon intensity score of ethanol produced by agriculture products. We do understand that a farmer should not be able to claim financial benefit for the same offset more than once, but we do not believe that an offset should show an increase in the carbon profile of agriculture.

Question 4- In order to expand markets, what entities should be eligible to apply for funding through the Climate-Smart Agriculture and Forestry Partnership Program? Given that the administrative costs of the Climate-Smart Agriculture and Forestry Partnership Program could be high if USDA were to contract with individual producers or landowners, it makes more sense to work with groups of producers and landowners. For example, eligible entities may include an agricultural producer association or other group of producers; State, Tribe, or unit of local government; a farmer cooperative; a carbon offset project developer; an organization or entity with an established history of working cooperatively with producers on agricultural land, as determined by USDA (for example, a non-governmental organization); a conservation district; and an institution of higher education including cooperative extension.

State and national commodity groups may provide more streamlined information sharing between farmers and USDA. We also strongly believe that organizations further up the supply chain that will benefit from programs like CSAF should also be involved, including biofuel producer associations like Growth Energy which represents more than 90 ethanol plants across the country. We stand ready to work with USDA on implementing a program which more appropriately reflects the CI benefits brought by carbon-friendly farming practices.

Question 5- In order to expand markets, what criteria should be used to evaluate project proposals for receiving funding through the Climate-Smart Agriculture and Forestry Partnership Program?

a. **For example, potential criteria may include estimated GHG or carbon sequestration benefits; estimated costs; potential for addressing identified barriers for producers; ability to benefit underserved producers and early adopters; environmental justice benefits; and demonstrated capability to ensure success.**

Many of our member companies are making significant investments in carbon capture and sequestration projects around the country. In fact, approximately 50 U.S. ethanol plants already capture, clean, and condense 99%-pure carbon dioxide, and we expect this number to grow.

According to Christianson PLLP's Biofuels Benchmarking program, of the participating plants that currently capture carbon dioxide, they capture, on average, 1,980 tons of carbon dioxide per million gallons of ethanol produced. The leaders in this category (top 25%), capture 3,075 tons of carbon dioxide per million gallons of ethanol produced. This means an average 50 million gallon per year ethanol plant would capture 99,000 to 153,750 tons of carbon dioxide each year. With a fleet of more than 200 ethanol plants, there is room for additional opportunities to capture carbon if the CSAF Program also incents ethanol producers to install the proper equipment to capture carbon dioxide, a natural byproduct of fermenting sugar into alcohol.

Additional incentives to capture, utilize, or store qualified carbon oxides will inevitably lead to some expansions of existing projects that were placed in service before the CSAF Program was established. In the case of an ethanol facility, existing carbon capture and sequestration benefits should be recognized by the CSAF Program as well.

As USDA continues to develop benchmarks to improve environmental accountability, we encourage the agency to incorporate carbon dioxide savings realized by a quarter of the nation's ethanol facilities as a contributing factor towards cutting agriculture's environmental impact.

The CSAF Program should also incorporate land-use and efficiency improvements on the farm field when determining eligible projects. Our corn growers are producing stronger yields with less acreage, and our ethanol plants can obtain more gallons per bushel of corn. Total cropland has fallen from 470.8 million acres of cropland in 1978 to 391.9 million acres in 2012[7]. Moreover, yields of corn have increased dramatically over the last 50 years, increasing from 72.4 bushels per acre in 1970 to 172 bushels per acre in 2020. Even over the last 10 years, corn yield has increased by 20%, while land planted for corn has remained steady[8]. Increased efficiencies at the farm needs to properly accounted for to evaluate project proposals.

Question 6- In order to expand markets, which CSAF practices should be eligible for inclusion?

Improved agriculture practices such as precision agriculture, use of no-till practices, cover crops, land use efficiency improvements, and proper accounting for carbon

[7] "Cropland, 1945-2012, by State: The sum of cropland used for crops, cropland idled, and cropland used for pasture," U.S. Department of Agriculture's Economic Research Service. August 2017, https://www.ers.usda.gov/data-products/major-land-uses/.

[8] "Crop Production Historical Track Records," National Agricultural Statistics Service. April 2021, https://www.nass.usda.gov/Publications/Todays_Reports/reports/croptr21.pdf.

capture and sequestration technologies up the supply chain are all examples of various practices which should be eligible under the CSAF Program.

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In order to fully capture the economic and environmental benefits brought forth by a potential CSAF Program, it is critically important that federal policies meant to encourage further renewable fuel blending are implemented with integrity and with an eye towards continuous growth:

Integrity for the Renewable Fuel Standard
The Renewable Fuel Standard (RFS) is one of the nation's most successful renewable energy policies in reducing GHGs and supporting farmers along the way.

We ask that you work with the Environmental Protection Agency (EPA) in ensuring the agency releases growth-oriented Renewable Volume Obligations (RVOs), the annual requirement for renewable fuel blending. In a first test of administrative priorities, it has been reported that President Biden's EPA will propose lowering RVOs for 2020 and 2021. It is unprecedented for the EPA to reach back two years and lower blending obligations for past years.

EPA will also propose RVOs for 2022 which will establish a foundation for RVOs over the next few years. It is critically important that EPA propose 15 billion gallons of implied conventional ethanol so that the biofuels industry has a solid foothold in producing adequate supply in for years to come. We urge USDA to continue to coordinate with EPA on proposing strong RVOs and release those values as soon as possible.

USDA Infrastructure Program Benefits
USDA's 2015 Biofuel Infrastructure Partnership (BIP) and the 2020 Higher Blends Infrastructure Incentive Program (HBIIP) are prime examples how the department can support the productivity of our farmers, boost rural economies, and decrease GHG emissions.

Currently, more than 95% of cars on the road are compatible with E15[9], and consumers have driven more than 25 billion miles on E15. There is a significant market available today for higher blends of biofuels if consumers can access these products. The biofuels industry is ready to provide the fuel necessary to meet those demands; however, long-term infrastructure incentives for our retailers, like the competitive grant structure under BIP and HBIIP, must be available.

Demand for these grants exceeded funds available, demonstrating that retailers and the consumers they serve want lower cost fuel and more choices at the pump. This gives

[9] Air Improvement Resources, Inc. "Analysis of Ethanol Compatible Fleet for Calendar Year 2021," November 9, 2020. https://growthenergy.org/wp-content/uploads/2020/11/Analysis-of-Ethanol-Compatible-Fleet-for-Calendar-Year-2021-Final.pdf

retailers a competitive advantage in the market while providing our transportation sector with a higher quality fuel that decreases GHG emissions.

Year-Round Access to E15
Lastly, the D.C. Circuit Court of Appeals reversed EPA's removal of outdated restrictions on the summertime sale of E15, threatening the expansion of clean, homegrown renewable energy and increasing GHG emissions. This ruling impacts nearly 85% of retailers currently selling E15 across 30 states and would create needless uncertainty across the marketplace.

If not addressed, the court's decision would require E15 retailers to change out fuels twice a year on June 1 and September 15, a costly and burdensome process that will actually increase GHG emissions.

In conclusion, we urge USDA to continue bringing biofuels to the table as our country designs a strategy to reduce overall carbon emissions. Biofuel production allows our farmers and rural economies to participate in consistent markets as we also work to reduce the environmental impact of the agriculture sector. We are grateful for your consideration of these comments and look forward to working with the department to advance these important initiatives.

Sincerely,

Emily Skor
CEO, Growth Energy