

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the Senate Energy and Natural Resources Committee
In Support of House Bill 1452

March 19, 2021

Chairman Kruen and members of the committee:

My name is Gerald Bachmeier, I am the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. I am here today to support House Bill 1452, which would establish a Clean Sustainable Energy Authority to propose comprehensive environmental, social, and governance policies and to make recommendations for grants and loans from a clean sustainable energy fund to help commercialize projects.

North Dakota's ethanol industry contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is a big deal here- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed.

Ethanol is a renewable fuel used in more than 95% of the gasoline consumed in United States motor vehicles. A recent study found that greenhouse gas emissions from corn ethanol are 46% lower than gasoline. We compliment the state's foresight in creating a regulatory and incentive framework that have already supported investments in environmental and social energy alternatives like ethanol.

The Ethanol Producers Association supports the proposal in HB 1452 to create an energy fund to help provide a mechanism to enable investing in emerging technologies and next generation energy opportunities. Expansion of sustainable product production and processes can lead to opportunities for value-added projects that support high paying jobs, enhanced economic activity, and add more value to our agriculture and other products.

I want to offer an example of how we are adding value to an already clean energy product. North Dakota ethanol plants are leading the nation in low carbon ethanol. The state Renewable Energy Council, along with private industry dollars, have invested in research to help commercialize emerging carbon dioxide capture technologies. Ethanol plants produce 18 pounds of nearly pure CO₂ for every bushel of corn processed. Our industry recognizes an opportunity to capture that CO₂ and use it to generate additional revenue.

At Red Trail Energy we are working in coordination with the Energy and Environmental Research Center a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. This project not only provides an additional revenue opportunity for use of the CO₂, but capturing the carbon improves the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

Our facility and other North Dakota producers are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, to help generate additional revenue for owners of Red Trail and our other ethanol plants. Additional investments in renewable and alternative energies are good for farmers, communities, and North Dakota.

Ethanol Producers appreciate the inclusion in HB 1452 of voting members of the Renewable Energy Council on the proposed Clean Sustainable Energy Authority. The ethanol industry supports House Bill 1452, and we also ask for your favorable consideration of our friendly amendment.

I will try to answer any questions you may have.