NDEPA
NORTH DAKOTA ETHANOL PRODUCERS ASSOCIATION

Testimony of Tracey Olson, Chief Operating Officer of Guardian Energy Management

North Dakota Ethanol Producers Association

In Support of SB 2333

January 29, 2025

Chairman Weber and members of the Senate Finance and Taxation committee,

I am Tracey Olson. I am the COO of Guardian Energy Management which owns one plant in North Dakota, Guardian Energy Hankinson in Hankinson, ND. I am also the president of the North Dakota Ethanol Producers Association (NDEPA) board, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. On behalf of NDEPA, I am here to support SB 2333, which establishes a low-carbon fuel fund and positions North Dakota's ethanol industry for continued growth and innovation.

This bill recognizes the evolving landscape of renewable energy by creating a framework to support critical investments in reducing the carbon intensity of ethanol production. Through incentives for eligible capital projects – such as carbon dioxide capture and storage, energy efficiency upgrades and ethanol yield improvements, this bill reflects a commitment to modernizing facilities and improving environmental outcomes and securing long-term competitiveness of North Dakota's ethanol industry.

The foundation for SB 2333 can be traced back to the counter-cyclical fund for ethanol production established in North Dakota in 1989. Initially, the state incentivized ethanol-blended gasoline through a 4-cent per gallon tax reduction for retailers. The existing counter-cyclical fund replaced that approach, providing direct support to ethanol producers during challenging market conditions. Over the programs 10-year lifespan, it has played a crucial role in stabilizing and growing the industry in North Dakota, contributing to the remarkable growth we see today.

Notably, the program's success is evident across the state where it was implemented. In it's 10 year duration, only two of the original ethanol plants in North Dakota have closed, Alchem, Ltd in Grafton started operation in 1989 and closed in 2007. As well as Archer Daniels Midland Company in Walhalla

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which opened and closed a series of times from 1989 to 2012. With that the six ethanol plants we now have in the state opened in 2007, 2008, 2015 and 2020. With five of the six ethanol plants staying open – it is a testament to the program's effectiveness in fostering resiliency. Furthermore, the five existing plants in the program are reaching fulfillment of the program. Today, North Dakota's ethanol production capacity stands at 550 million gallons per year, over fifty percent more than what it was a decade ago.

SB 2333 proposes to repurpose the legacy of the counter-cyclical program into a forward-looking initiative focused on low-carbon fuel production. By aligning incentives with infrastructure investment that reduces carbon intensity, this bill positions North Dakota to continue to compete in emerging low-carbon markets. North Dakota's ethanol plants generate 2.4 million tons of CO2 annually. By utilizing carbon capture and storage, these emissions could qualify for federal 45Q tax credits that are valued at $85 per ton. This would create an addition $204 million for 12 years and would significantly benefit both ethanol producers and North Dakota's agriculture economy.

This bill ensures responsible stewardship of resources. Incentives are tied directly to tangible infrastructure improvements, with clear limits on individual and cumulative funding allocations to maintain fairness and effectiveness.

The ethanol industry has long been a cornerstone of North Dakota's renewable energy sector, contributing nearly $1.7 billion annually to the state's economy and supporting thousands of jobs. By passing SB 2333, the legislature has the opportunity to continue to build on the proven model of success, ensuring that North Dakota remains a leader in renewable fuels while fostering economic growth and innovation.

Thank you for your time and consideration. With that, NDEPA urges the committee to recommend a "Do Pass" on SB 2333.