



**NDEC Biennial Report
House & Senate Agriculture Committees
Tracey Olson
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My name is Tracey Olson and I am the Chief Operations Officer of Guardian Energy Management. Guardian Energy Management operates Guardian Energy Hankinson. I am here today as a member of the North Dakota Ethanol Council, and I thank you for the opportunity to provide information on the Council and North Dakota's ethanol industry.

I want to start by thanking you for supporting North Dakota's ethanol industry. Programs initiated by the state legislature include the Renewable Energy Council, the Ethanol Recovery Program administered by the Bank of North Dakota, and the Countercyclical Ethanol Production Incentive. These programs have been instrumental in establishing the industry and providing opportunities for growth.

The legislature established the North Dakota Ethanol Council in 2009 to promote the state's ethanol industry. The Council is funded by the first ethanol check-off program in the United States. Each plant pays a three one-hundredths of one cent assessment per gallon of ethanol produced and sold in North Dakota. The Council's mission is to enhance North Dakota's ethanol industry through innovative research, public education, industry and product promotion, and market development in collaboration with industry stakeholders.

The Council holds monthly meetings and consists of one individual appointed by each producer plant. There are six producer plants in North Dakota. These include Blue Flint, Underwood; Dakota Spirit, Spiritwood; Guardian Energy Hankinson, Hankinson; Red Trail Energy, Richardton; BI-Biorefinery (previously Red River Biorefinery – reopening in 2026), Grand Forks; and Tharaldson Ethanol, Casselton.

The North Dakota Ethanol Council began contracting with Clearwater Communications for part-time executive director services in March of 2010. Clearwater Communications Account Executive Layton Hrubes serves in this capacity.

North Dakota produces more than 550 million gallons of ethanol per year, which has been a 50% increase in production over the last 10 years. The state's ethanol plants use 184 million bushels of corn annually with more than 80% of the corn being purchased from North Dakota farmers. Forty to 60% of the state's annual total corn production is purchased by North Dakota ethanol plants. Each bushel of processed corn produces three gallons of ethanol, 14 pounds of dried distiller's grains, 18 pounds of carbon dioxide and up to 1.25 pounds of corn oil. Ten percent of the ethanol produced annually is sold within North Dakota, which means 90% of the ethanol produced is shipped out of state - primarily to the East and West Coast as well as Canada. One-and-a-half million tons of distiller's grain is produced by the ethanol plants and 10 to 20% of it is used in state.

Nearly \$1.7 billion dollars is contributed annually to North Dakota's economy from ethanol production. Five of the six North Dakota ethanol plants are in communities with a population of less than 2,500 people and contribute an average of 55 jobs and an annual payroll of \$6 million to each community. The state ethanol industry provides more than 340 direct jobs and thousands of other jobs indirectly.

The Council reviews its mission and long-term goals annually. Each year, a work plan and budget identifying priorities is developed. The first priority for the Council is to continue to increase the consumption of North Dakota ethanol and coproducts. This includes identifying opportunities to use North Dakota ethanol as a foundation for production of other green products such as a high-protein feed for livestock,

aquaculture, pet food, renewable chemicals, and sustainable aviation fuels. The Council encourages industry driven research at state universities and supports U.S. ethanol exports and initiatives by participating in the North Dakota Trade Office. The Council also contributes to this increased consumption priority by supporting efforts that develop loyal consumers through education and incentives. This includes upgrading the industry's' online presence through a website redesign, coordinating public relations efforts, supporting higher ethanol blends and fostering industry advocacy. In addition, the Council is an active participant in the North Dakota Livestock Alliance in efforts to grow North Dakota's livestock industry by promoting the increased use of distillers' grains.

The Council's second priority is to ensure long-term ethanol industry sustainability. This includes efforts that promote and enhance the research and development of next generation products. This also includes supporting efforts for agriculture improvements and technology to decrease the carbon intensity of corn to get ethanol plants to be carbon neutral. This will increase yield and energy efficiency while lowering the carbon intensity of ethanol production. The Council supports logistical opportunity options from source to destination though pipelines, truck or rail. The Council also supports national efforts to create regulations allowing E15 which is branded as Unleaded 88. In addition, the Council continues its collaboration with state partners such as the North Dakota Farmers Union, the North Dakota Corn Utilization Council, the Energy and Environmental Research Center, and North Dakota State University.

North Dakota has provided a homegrown, carbon conscious and cost-effective fuel for its citizens. Ethanol provides a huge market opportunity for North Dakota's farmer growers. North Dakota's ethanol industry is a national leader in efforts to decrease its carbon footprint. The state's ethanol plants can capture up to 2.4 million tons of annual CO₂ emissions for potential sequestration. Red Trail and Blue Flint are currently sequestering CO₂. Corn-ethanol's carbon footprint is currently a third less than gasoline and this continues to decrease with increased carbon-conscious efforts from corn growers and ethanol plants. On average, ethanol plants that implement CO₂ sequestration and storage will reduce their fuel's lifecycle carbon intensity by up to 40%. In addition, Unleaded88 or E15 fuel saves consumers between 10 and 30 cents per gallon compared to non-ethanol blends.

I want to thank you again for your support of the ethanol industry. We look forward to continuing to work with you to strengthen the industry and to support the many opportunities that lie ahead in the future. I would be happy to answer any questions that you may have.