



February 15, 2024

Members of the Senate
Members of the House of Representatives

On February 1, 2024, four state agencies submitted a report on transportation fuels which recommended that Minnesota adopt a Low Carbon Fuel Standard (LCFS), which they refer to as a “Clean Transportation Standard” or (CTS). The agencies said their proposal is the best alternative despite not considering any others. **We ask you to reject their proposal.**

Four organizations, in response to the fuels report, published a Minority Report which details the reasons a Midwestern LCFS will not be a climate solution. The proposed technology-neutral LCFS using the Argonne GREET model to estimate carbon intensity is not neutral but is **so strongly biased in favor of ethanol** and other biofuels that it **will likely increase emissions, not decrease emissions.**

On Saturday, the StarTribune published a commentary article by University of Minnesota Professor Jason Hill titled “Low carbon mandate could increase emissions in Minnesota.” Dr Hill wrote that the proposed carbon intensity scores are “essentially meaningless.”

The state agencies’ report is based on fundamental errors, including the faulty assumption that ethanol is helping the climate. In reality, **ethanol is likely 24% worse than gasoline.** A recent study from the University of Wisconsin found that the carbon intensity of corn ethanol produced under the federal Renewable Fuel Standard (RFS) is “no less than gasoline and likely at least 24% higher.” The proposed LCFS is, like ethanol itself, out of date. They have both been left behind by electrification. Electric vehicles (EVs) are already significantly less polluting today and EVs existing superiority over vehicles with internal combustion engines will only grow as our electric grid continues to decarbonize.

Other Flaws in the Proposed LCFS:

Encourages Carbon Pipelines and Enhanced Oil Recovery. Oil and ethanol industries mutually benefit from their plan to capture carbon emissions from ethanol plants. The captured carbon would be piped to North Dakota where it will almost certainly be used to push more oil out of the ground in a process called enhanced oil recovery (EOR). Ensuring the continued availability of a pure stream of CO₂ from ethanol plants is an essential part of the oil and ethanol business plan. Their business plan doesn’t care about the long-term success of our farmers, and instead hopes to ensure their reliance on a single crop - thereby locking in the availability of CO₂ pollution from corn ethanol production for years to come.

Provides Perverse Incentives to Never Stop Polluting. The proposed LCFS could worsen the climate crisis by delaying real climate action and by extending the economic lifespan of fossil fuels. Even if direct credits for EOR are prohibited, further commodification of CO₂ (selling CO₂ pollution from ethanol plants) creates a perverse economic incentive to never stop producing CO₂, a cycle which has been described as “the more you burn, the more you earn.” This will further incentivize the pipeline. Economic effects such as these are not included in the recommended GREET model to estimate climate impact.

Misplaced Spending: Nearly \$800 Million “needed” to “Upgrade” Gas Stations & Distribution Systems. Minnesota’s existing fuel-dispensing infrastructure is not designed to handle higher blends of ethanol like E15 or E20. The industry-dominated Governor’s Council on Biofuels therefore recommended spending approximately \$771 million to \$784 million to “upgrade” gas stations to handle higher ethanol blends. These “upgrades” would constitute a massive reinvestment in the liquid fuel infrastructure that science tells us is a dead-end pathway. This spending would also have an opportunity cost as Minnesota could have far greater positive effects on climate by investing nearly \$800 million in electrification or other solutions. Again, economic effects such as these are not included in the recommended GREET model to estimate climate impact.

Impacts on Water & Soil. The proposed LCFS fails to consider other environmental impacts of biofuel production and consumption and perpetuates the harms of fossil fuels and ethanol, which are responsible for significant air, soil, and water pollution, as well as contamination of drinking water due to pesticides and nitrates. Ethanol production is also very water intensive, depleting Minnesota aquifers. In addition, standard row crop corn growing causes contamination of soil with pesticides and loss of valuable topsoil.

Public Health Impacts. Rural communities in Minnesota disproportionately suffer the air and water pollution emitted from the increased use of pesticides and chemical fertilizers associated with ethanol production. Pesticides pose the most risk to agricultural workers and their families. Nitrates in well water contribute to blue baby syndrome, increased risk for gastric cancer, and other health problems. In addition, BIPOC communities that live near refineries and other fossil fuel facilities continue to be exposed to fossil fuel pollution that puts them at higher risk for cancer and respiratory problems due to living near these facilities.

Selective Application of West Coast Approaches. Promoters of an LCFS say they are inspired by LCFS policies in California, Oregon and Washington. But in those states, the LCFS is one part of a suite of tools to address transportation emissions. LCFS proponents, including among state agencies, ignore the effective tools and pick the one tool that promotes ethanol, the buildout of carbon pipelines and enhanced oil recovery.

Delay in climate action through implementation of an LCFS does not meet the need for swift reduction in carbon emissions to save lives. It could extend the life of liquid fossil fuels for decades, delaying climate action and consequent air pollution linked to excess numbers of premature deaths and increased rates of respiratory and other chronic illnesses.

One Area of Agreement

The Minority Report noted that, “industry representatives have also repeatedly argued that they cannot meet the carbon reduction targets” set out in the CTS bill. In this one key regard, we agree. Not only are the fossil fuel and ethanol industries not able to meet these targets required by science, they are not motivated to try: making such reductions would hurt their bottom line and business model. They do not

think they can meet the targets with their technologies and this LCFS tool. And we agree. So we must change the technologies and tools, not the targets.”

Politics of Passing A Bill

The political rationale behind passing a LCFS is as concerning as the proposal itself. We’re told that the LCFS “needs to increase ethanol in the short term” and the agriculture industry “needs to get something out of this” or it can’t get a majority vote in the Senate.

Undoubtedly, some of those advocating for an LCFS have the best intentions. But very powerful oil and ethanol interests want a LCFS for the worst reasons. And their influence over state agencies, as demonstrated by the CTS work group process itself, is highly concerning. The administration's choice to leave details of the program to rulemaking effectively cuts legislators out of true decision making. Legislators are being asked to vote for a program whose results will likely look very different from their expectations.

The Minnesota Legislature passed historic climate bills in 2023. Thank you for your leadership. We need to stay focused on real solutions.

Signed,

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