



Creating connections to
empower agriculture

March 7, 2023

The Honorable Scott Dibble
Minnesota Senate Bldg., Room 3107
St. Paul, MN 55155

RE: Minnesota Clean Transportation Standard

Chairman Dibble,

A leading agriculture and energy cooperative representing the collective voice of over 500,000 farmer-owners, CHS Inc. has a unique operational position with extensive experience and investments in both traditional petroleum products and renewable fuels.

Positioned in all aspects of the downstream fuel supply chain, CHS owns two petroleum refineries, produces more than 200 million gallons of ethanol and markets more than 1 billion gallons of ethanol annually and offers access to Cenex branded E15 through 30 regional terminals to Cenex branded retail locations.

In Minnesota, CHS owns processing facilities in Mankato, Fairmont and Hallock and serves statewide customers with energy and refined fuels products, including biodiesel. CHS is a long-time participant in the Minnesota Biodiesel Task Force and attended numerous clean fuel standard stakeholder meetings.

There are three distinct, yet interrelated components of a clean transportation standard. The policy language of the clean transportation standard, any accompanying cap and trade program or rulemaking and the impact on market supply and demand fundamentals. CHS views a clean fuel standard in the sum of all components.

Clean Transportation Standard Legislation

CHS will evaluate the clean transportation standard proposal based on the following principles:

- policy based on incentives or supply and demand fundamentals versus mandates.
- economic and scientific analysis of proposed clean transportation standard legislation provisions including: compliance timeline; impact to rural communities, off-ramp mechanisms, and updated fuel pathway modeling for current and future commodities (e.g., canola, corn, renewable diesel, soybean).
- grower participation in the decarbonization value stream (e.g., grower practices that reduce carbon intensity through fuel and crop applications).

Cap and Trade Program

Any accompanying cap and trade policy is complicated and costly for liquid fuels businesses. Compliance costs associated with a cap and trade program should be identified in statute, transparent in implementation and include compliance off-ramps during emergency declarations.

Market Supply and Demand Fundamentals

Actual market supply and demand impacts are not accounted for in a clean transportation standard and any accompanying cap and trade policy. Rather, cost implications are not known until administrative rules to implement the clean fuel standard and any accompanying cap and trade program is effective. In the case of the Washington state program, estimates of liquid fuel costs increased on average by \$0.40 per gallon when the cap and trade program rules became effective.

CHS looks forward to ongoing input opportunities as this proposal is considered in the Minnesota legislative and rulemaking processes.

Sincerely,



John Griffith
EVP Agriculture Business
CHS Inc

Cc: The Honorable Jeff Brand