

# Benefits of a Clean Transportation Standard

S.F. 2584 (Dibble) / H.F. 2602 (Brand)

S.F. 2584/H.F. 2602 would establish a technology-neutral clean transportation standard<sup>1</sup>(CTS) (also known as a clean fuels standard, clean fuel policy, or low-carbon fuel standard) that would hold fossil fuel producers accountable for reducing greenhouse gas (GHG) emissions while supporting a portfolio of clean fuels. A broad coalition<sup>2</sup> of stakeholders supports implementing a CTS in Minnesota, including automakers, clean energy and conservation organizations, fuel producers, and electric utilities.

## Reducing Greenhouse Gas Emissions in Minnesota's Transportation Sector

The CTS would set a requirement to reduce the carbon intensity of Minnesota's transportation fuels by at least 25 percent by 2030, 75 percent by 2040, and 100 percent by 2050. The policy accounts for "well-to-wheels" emissions for transportation fuels—including production, transportation, and end use—and incentivizes decarbonization along the fuel supply chain.

## Supporting Transportation Electrification

**Among other fuels, the policy would support increased deployment of electric vehicles, including passenger cars, trucks, and buses.**

GPI analysis<sup>3</sup> found an electric transit bus could generate up to \$152,000 over 10 years under a CTS, and an electric school bus could earn up to \$54,000 over the same period. This improves the financial case for electric buses, which currently have much higher upfront costs than diesel alternatives.

According to analysis by ICF, a Minnesota CTS would contribute, on average, \$139 to \$278 million annually to transportation decarbonization.

- As Minnesota's electric sector continues to decarbonize, EV charging will continue to generate more credit revenue.
- The policy would also create incentives to deploy renewable energy to power EVs and produce other fuels, thus contributing to electric sector decarbonization.

**The CTS could also fund rebates to lower the upfront cost of EVs for Minnesotans.**

As in other states with similar policies, CTS revenue from residential EV charging will be reinvested to promote the adoption of electric vehicles. This could include creating new financial incentives for EVs and EV chargers.

Increased EV deployment is good for all Minnesotans: it can put downward pressure on electricity rates, which benefits all ratepayers, not just those who drive an EV.



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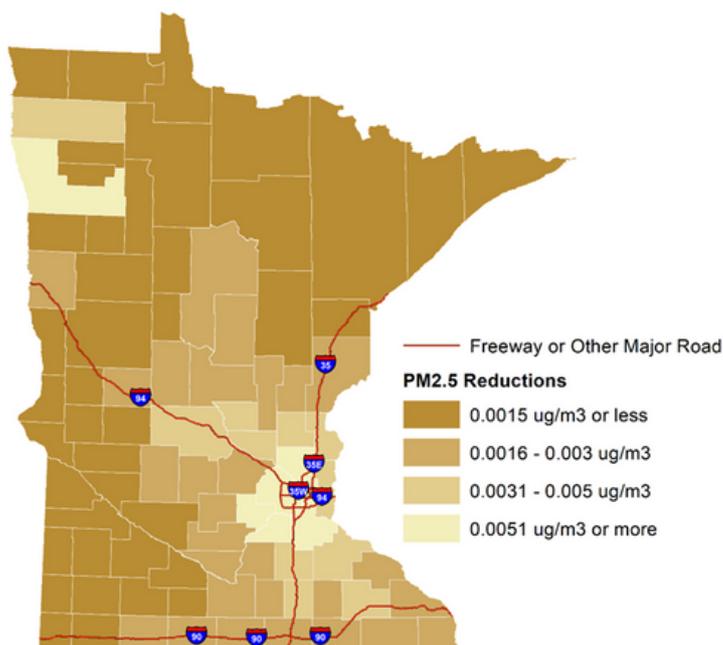
## Supporting Minnesota's Economy

The CTS would generate net positive economic impacts due to increased availability of lower-cost, low-carbon fuels, investments in biofuel and electric vehicle infrastructure, and increased electricity sales.

- ICF modeling<sup>4</sup> found a CTS in Minnesota and Iowa could contribute over \$197 million annually to gross domestic product and generate an annual average of 1,500 jobs and \$95 million in labor income.
- The policy would also result in net benefits to gasoline users and the trucking sector.
- The program is funded by the fossil fuel industry, not taxpayers.

## Benefiting Minnesota's Heavily Burdened Communities

Increased electric vehicle adoption under the policy would generate public health benefits by reducing tailpipe emissions. It would reduce nitrogen oxide, sulfur oxide, and particulate matter emissions throughout Minnesota, particularly in more densely populated areas and along major roadways.<sup>5</sup>



This would generate statewide annual health benefits of up to \$35 million.

Black, Indigenous, and people of color populations, low-income populations, uninsured residents, and people with disabilities, are most impacted<sup>6</sup> by transportation pollution in Minnesota. The policy would create stronger benefits in these overburdened communities.

The bill requires at least 60 percent of the credit revenue from residential EV charging to be spent to support transportation electrification for the primary benefit of disadvantaged, low-income, and rural communities.

1. <https://betterenergy.org/blog/midwestern-clean-fuels-policy-101/#:~:text=A%20clean%20fuels%20policy%20is,electricity%2C%20hydrogen%2C%20and%20biofuels.>

2. <https://www.betterenergy.org/wp-content/uploads/2021/03/Minnesota-Future-Fuels-Coalition-Announcement-.pdf>

3. <https://betterenergy.org/blog/electric-vehicles-in-a-midwestern-clean-fuels-policy/>

4. <https://betterenergy.org/blog/economic-benefits-of-a-clean-fuels-policy-in-minnesota-and-iowa/>

5. Modeling and analysis performed in COBRA by McKayla Olig and Paul Meier at the University of Wisconsin in coordination with the Great Plains Institute.

6. <https://data.web.health.state.mn.us/documents/20147/0/LIFE+and+BREATH+III+METRO+BRIEF-FINAL.pdf/708c1326-4d48-d2a0-64e6-6ae7f6e2995f>

