



March 8, 2023

Senate State and Local Government and Veterans Committee

RE: SF 2584 – Clean Transportation Standard – SUPPORT WITH RECOMMENDATION

Dear Chairman Murphy and Esteemed Members of the Committee,

The Coalition for Renewable Natural Gas (RNG Coalition) writes in **support of SF 2584 with recommendation to remove subdivision 7, subsection 2(i)** from the bill because it discourages effective modes of methane reduction by prohibiting credit generation from renewable natural gas (RNG) from new or expanded farms, which will hinder instead of help the state achieve its climate goals.

The RNG Coalition represents and provides public policy advocacy and education for the RNG industry across North America. Our organization comprises over 350 members—cities, counties, airports, ports, municipalities, colleges, universities, and leading companies operating in each sector of the industry—including those who capture, clean and condition greater than 95% of all RNG in the United States and Canada.

RNG Coalition supports the adoption of a Clean Transportation Standard, also known as a Clean Fuels Standard (CFS). Full scale decarbonization will require near- and mid-term solutions in addition to electrification to displace fossil fuels, and a CFS is the most practical, cost-effective solution to incent a robust portfolio of low carbon fuels. A CFS strongly rewards deployment of clean fuels—increasing fuel diversity and consumer choice, and have not been shown to increase retail conventional fuel prices for consumers.¹ A CFS also supports public health through air pollutant reduction, especially in vulnerable communities that reside along transportation corridors, by displacing fossil fuels and reducing emissions of both toxic diesel particulate matter and smog-forming oxides of nitrogen, which would reduce air pollution deaths and avoid up to \$87 billion in healthcare costs per year.²

While we support SF 2584, we **strongly recommend removing** the provision prohibiting credit generation from RNG produced from any new or expanded agricultural livestock operation specified under subdivision 7, subsection 2(i). Animal agriculture is the largest contributor of methane emissions in Minnesota, specifically from manure management. This prohibition will negatively effect on-farm

¹ “Low Carbon Fuels Standards Market Impacts and Evidence for Retail Fuel Price Effects”, Bates White Economic Consulting, April 2022.

<https://static1.squarespace.com/static/5b57ab49f407b4a7ffa44ffa/t/627ac05b10c1ae023912ca34/1652212920030/Bates+White+LCFC+Report+Updated+2022.04.21.pdf>

² Murphy et. Al, *Modeling Expected Air Quality Impacts of Oregon’s Proposed Expanded Clean Fuels Program*.

https://escholarship.org/content/qt6pz348mc/qt6pz348mc_noSplash_35bd521866d4290a1a8755f4af0d281a.pdf

methane emission reduction efforts and will only serve to eliminate an effective mode of methane reduction, in direct contradiction to both the state’s GHG reduction goals and recommendations made in the 2023 Biennial GHG Emissions Reduction Report. In fact, the 2023 Report specifically highlights the tremendous benefits on-farm RNG production would have—including methane reduction and fossil fuel displacement both on-farm and via natural gas pipeline injection—and the significant potential for expanded anaerobic digestion under the Natural Gas Innovation Act, the state Methane Digester Loan Program and Advanced Biofuel Incentive Program, payments under Low Carbon Fuel Standards, and the Federal Inflation Reduction Act.³

Additionally, the EPA supports biogas recovery from digesters as a viable form of methane abatement and as having the most relative methane reductions of all manure management options.⁴ Anaerobic digesters have been promoted historically because they help reduce hydrogen sulfide, odors, prevent the propagation of flies, and reduce the exposure of farm residents and nearby communities to disease vectors. Digesters with proper nutrient management systems also help to promote soil health by converting the nutrients in manure to forms more accessible to plants that can directly replace fossil-fuel derived chemical fertilizers.⁵

Contrary to some claims, RNG production does not incentivize herd expansion to increase manure production. Dairy RNG, at current transportation GHG market prices, generates only a small fraction of the gross revenue that is created by milk-sales (although demand for liquid beverage milk is declining, US supply and demand for total milk products, both per capita and in aggregate, continues to grow.)^{6,7} Only a small share of that revenue goes to the farmer—the majority will be distributed to cover the costs of the digester developers, the gas marketer, the credit broker, end users (e.g., fleets adopting natural gas trucks), the investors, and the banks. Meaning that the farmer does not make enough additional revenue from RNG to justify increasing herd size. However, the additional revenue from RNG production is critical to help defray the cost of an anaerobic digester to the farmers and encourage the transition to a model of sustainable agriculture.

RNG Coalition believes that adopting a Clean Transportation Standard is an imperative to addressing GHG emissions and climate change; however, it should not eliminate effective modes of methane reduction in the process, which is why we **support SF 2584 with recommendation to remove the prohibition on credit generation for RNG from new or expanding farms under subdivision 7, subsection 2(i).**

Sincerely,

/s/

Dana Adams

³ <https://www.lrl.mn.gov/docs/2023/mandated/230227.pdf> p. 16.

⁴ *Practices to Reduce Methane Emissions from Livestock Manure Management*. United States Environmental Protection Agency. <https://www.epa.gov/agstar/practices-reduce-methane-emissions-livestock-manure-management>.

⁵ <https://www.epa.gov/agstar/benefits-anaerobic-digestion>.

⁶ USDA, *Dairy Products: Per Capita Consumption, United States (Annual)*, last updated 9/30/22. https://www.ers.usda.gov/webdocs/DataFiles/48685/pconsp_1.xlsx?v=4825

⁷ USDA, *US Milk Production and Related Data*, last updated 8/15/22. https://www.ers.usda.gov/webdocs/DataFiles/48685/quarterlymilkfactors_1.xlsx?v=4825

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