

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION BY SCS CARBON TRANSPORT LLC FOR A PERMIT TO
CONSTRUCT A CARBON DIOXIDE TRANSMISSION PIPELINE

SD PUC DOCKET HP22-001

PRE-FILED DIRECT TESTIMONY OF SCOTT MUNDT
ON BEHALF OF DAKOTA ETHANOL, LLC

June 16, 2023

EXHIBIT #EP3

1 **Q. Please state your name and business address for the record.**

2 **A.** Scott Mundt

3 46269 SD HWY 34

4 Wentworth SD 57075

5 **Q. Can you briefly describe your education and work experience.**

6 **A.** Education: BS Mechanical Engineering, graduated from North Dakota State

7 University.

8 Work Experience:

9 A. 22 years of Process Engineering and Management experience in Manufacturing

10 with 3M Company and Fey Industries

11 B. 2005 to present: 18 years of experience General Manager, CEO of Dakota Ethanol

12 **Q. Can you describe your professional experience in the ethanol industry, including**
13 **your current duties in the position the manager for Dakota Ethanol?**

14 **A.** I've had 18 years of experience working in the ethanol industry as General Manager

15 and CEO for Dakota Ethanol. Responsible for managing all aspects of day to day

16 operations of the plant including oversight of grain procurement, feed sales,

17 accounting, production, laboratory testing and maintenance.

18 **Q. Can you detail the local economic impact your facility has.**

19 **A.** 2022 data for the plant is as follows:

20 A. \$5.3 million payroll and benefits for 48 employees,

21 B. 100 million gallons per year of ethanol production, rail and truck sales,

22 C. 32 million bushels of corn purchased annually, within 25 miles of the plant,

23 D. 330,000 tons of feed sold locally, and

24 E. Dakota Ethanol is 100% owned by Lake Area Corn Processors, LLC. LACP was

25 formed in 1999 with the Mission Statement of " To be a low cost producer of

26 ethanol while returning maximum profits to all of our members”. LACP currently
27 has about 1050 members, most of which live within 25 miles of the ethanol plant.

28 **Q. For what purpose do you appear in this proceeding?**

29 **A.** I am here to support the Summit Carbon Solutions CO2 pipeline project that is
30 intended to transport and sequester CO2 from Dakota Ethanol along with about 34
31 additional ethanol plants in Iowa, Minnesota, South Dakota, and North Dakota. I am
32 appearing as the CEO of Dakota Ethanol. Dakota Ethanol has partnered with Summit
33 Carbon Solutions in the project currently being considered by the South Dakota
34 Public Utilities for a permit. I offer this testimony in support of the permit sought by
35 Summit Carbon Solutions and wish to convey that support on behalf of the employees
36 and members of Dakota Ethanol.

37 **Q.** Can you provide the South Dakota Public Utilities Commission with a description on
38 the challenges the ethanol industry faces in the future?

39 **A.** The ethanol industry competes in commodity markets which involves significant
40 variability and volatility with prices of our inputs (corn, natural gas, other ingredients)
41 and outputs (ethanol, feed, and other coproducts such as corn oil). Current production
42 capacity exceeds domestic consumption requiring some plants to go idle and some
43 product to be exported to balance the Supply and Demand for our products. It is
44 critical to be a Low Cost Producer in this business as is the case in all commodity
45 businesses. The possibility of adding revenue from the sequestration of CO2 that is
46 currently vented to the atmosphere will create an advantage for those plants that can
47 participate and certainly create a disadvantage for those who cannot participate.
48 Another challenge in the future includes the move to electrification of our automobile
49 fleet. Ethanol is part of the liquid transportation fuel supply, with the benefits of a
50 reduced carbon footprint that comes with CO2 sequestration we will be in a position

51 to compete and complement the move to Net Zero Carbon for our transportation fuel
52 supply.

53 **Q. How important is the ability to capture the carbon produced by your plant to the**
54 **financial viability of your operation?**

55 **A.** As stated before, it is critical to be a Low Cost Producer in a commodity market,
56 additional revenue from the capture and sequestration of CO2 that is currently vented
57 to the atmosphere will be very important to maintaining our position as a Low Cost
58 Producer. If other plants are able to participate in this opportunity and Dakota Ethanol
59 is not able to participate it could lead to a significant disadvantage up to and including
60 eventual shutdown of the facility which ultimately happens in commodity markets if
61 the cost structure leaves you in the High Cost Producer category.

62 **Q. Do you have other viable options to capture the carbon produced by your plant**
63 **other than the sequestration plan Summit Carbon presents?**

64 **A.** There is currently no other viable option to capture and monetize the value of CO2.
65 There are plants that capture CO2 for food and beverage processing however the price
66 structure does not work for most of us. This market is currently adequately supplied
67 and does not support the capital investment required to add CO2 capture and delivery.
68 There are some plants considering CO2 capture and sequestration close their ethanol
69 plant, this is not an option for Dakota Ethanol based on the absence of required
70 geological conditions necessary for sequestration that do not exist close to our facility
71 in Wentworth SD.

72 **Q. Is there anything else you want the Commission to be aware of as it considers the**
73 **application of Summit Carbon Solutions?**

74 **A.** Not at this time.