

My name is Mark Schmidt, from Gary, SD. I am the Chairman of the Board of Directors for Glacial Lakes Energy in Watertown, SD. Thank you for allowing us to be here today.

I'd like to introduce our board of directors who are present with me today.

Troy Mudgett – Clark, SD  
Brent Gabler – Faulkton, SD  
Terry Schmidt – Watertown, SD  
Steve Birkholtz – Willow Lake, SD  
Todd Jongeling – Estelline, SD  
Noel Pond – Ipswich, SD  
Jeff Schmidt – Sioux Falls, SD  
Richard Wiarda – Castlewood, SD

### **History of GLE**

Glacial Lakes Corn Processors is the parent company of Glacial Lakes Energy and was founded in 2000.

We are proud to say that GLCP is the only ethanol plant in the State of South Dakota that is solely owned by shareholders – 4,200 of them to be exact. Most of our membership resides in South Dakota and the majority are producers. We do have members who are also main street investors, retired folks, and just about all walks of life.

Our membership is organized as one membership – one vote.

These producers deliver their corn to our four plant locations including Aberdeen, Mina, Huron, and Watertown all located in South Dakota.

Our Watertown location is the corporate office and the original plant which became operational in 2002.

Our Mina location became operational in 2006.

In 2019, we purchased two additional facilities – Huron and Aberdeen.

Combined, we produce over 360 million gallons of renewable ethanol made from 125 million bushels of corn bought from local shareholders and patrons. We also produce 1.1 million tons of distiller grains and 55,000 tons of corn oil.

What we do at GLE is not small by any means.



Since 2003, GLCP has returned to our shareholders nearly \$330 million in cash dividends from our operating profits. This money is spent locally at the implement dealerships, local stores, deposited in local banks, and such.

Our heaviest concentration of shareholders in South Dakota, by county, are Codington, Hamlin, Clark, Minnehaha, Spink, Brookings, Brown, Kingsbury, Deuel, Hutchinson, Beadle, and Faulk. In fact, 80% of our shares are owned by members in these counties.

Our dividend history not only benefits our shareholders – but it benefits our communities. It's been said a \$1 spent will turn over as much as 10 times in a community. As you can see, that is a huge financial impact to communities all over South Dakota.

Corn Basis - When GLCP was formed back in 2000, the local corn basis was negative 80 to 90 cents under per bushel. Today, GLCP in Watertown is posting an even basis on corn.

My point is that South Dakota ethanol plants, like GLE, not only provide a return on investment to shareholders, but also provide increased revenue for producers and the communities we reside in – across the state. The SD ethanol industry supports 5,300 jobs, contributes \$590 million to South Dakota's GDP annually, and purchases 50%-60% of the corn grown in South Dakota.

Prior to the development and maturity of the ethanol industry, our corn that was grown within the state was exported out of the state primarily by the BNSF Railroad to the Pacific Northwest market.

Today the ethanol industry utilizes approximately 50-60% of the corn grown in the State to produce ethanol. The co-products of distiller grains are used as a feed ingredient as well as being exported to other parts of the United States and exported globally.

We also produce corn oil as a third product. The corn oil we produce is used in the renewable diesel industry as a drop in fuel for diesel engine.

Presently, GLE combined, provides approximately 200 jobs to individuals in the four communities we reside. These employees and their families are living and contributing to our communities, enrolled in our school systems, and having an impact on their communities.

In 2012, a study conducted by Dr. Lisa Elliot and Dr. Gary Taylor who were both Assistant Professors at SD State University in Brookings indicated a direct and indirect economic impact of approximately \$3.8 billion dollars from the states production of over 1.0 billion gallons of production of ethanol. That would suggest an economic impact of approximately \$3.80 per gallon of ethanol provided or an economic impact of approximately \$11.00 for every bushel of corn ground to make ethanol.

As I stated earlier, today, GLE produces approximately 360 million gallons of ethanol, 1.1 million tons of distiller grains and 55,000 tons of corn oil.

Regardless of if you believe in global warming or not, our national government and population is pushing for carbon reduction. According to Geoff Cooper from the Renewable Fuels Association, the Inflation Reduction Act is probably the single largest commitment to biofuels from Congress since 2007.

And it's not only the ethanol industry who is looking to reduce their CI score – there are many other businesses such as the fertilizer industry that are looking at projects like this. These businesses will relocate near the carbon capture pipeline as a means to reduce their carbon score as well.

Like it or not, carbon capture is going to be a way of the future. We are seeing our nation move for lower carbon solution in other ways such as electric vehicles, solar and wind power, just to name a few.

Summit Carbon Solutions is proposing a carbon pipeline that will harvest the CO<sub>2</sub> from 30 plus ethanol plants in the Midwest, including our four locations at Glacial Lakes Energy.

The new pipeline will have a positive impact on Glacial Lakes Energy as well as the entire State of South Dakota's ethanol industry by reducing our carbon footprint by approximately 50%.

This, along with internal projects that we are doing or have planned at GLE, will give us the ability to potentially market at a zero-carbon ethanol fuel score in the future. This is huge for GLE and our shareholders as we will be able to reach markets, we have not been able to in the past.

With the electric vehicle being the newest fad, it's eating away heavily as the combustible engine. If the fad continues, ethanol plants will be left high and dry

without markets we can access. Right now, we can not access the low carbon markets because our carbon footprint is too high. These markets include California, Oregon, Washington, and Canada.

We anticipate other states to follow this trend and require ethanol of a lower carbon score. We can not get to that lower score or access those markets without a substantial change to our carbon footprint. Carbon capture is the most viable way to do this.

This is why this project is so important to GLE. Without access to these markets, we will slowly lose market share. This will affect profits, our ability to post a competitive corn bid, and potentially be the demise of the ethanol industry.

There is no one single project that we know of currently, that can assist ethanol plants such as GLE with lowering our score to stay competitive besides Carbon capture.

We at GLE also know that producers/farmers are our livelihood, and we need to keep South Dakota Ag alive and thriving. We expect our farming community to be treated fairly and are doing our best to ensure that happens.

The time has come that we must act appropriately to keep the ethanol industry vibrant which in turn will keep the ag communities we live in thriving. We need carbon capturing in order to stay a viable industry. There is no question about it.

Not only do we need carbon capturing, but so do other businesses such as the fertilizer industry. We will see businesses move near the pipeline to take advantage of the opportunity to reduce their carbon footprint and like GLE, keep their industry viable. South Dakota industries needs the carbon pipeline – it's not just about agriculture it's about all industrial businesses.

We are proud to be a locally owned South Dakota Cooperative. We are proud to be able to purchase 125 million bushels of corn each year from corn grown in our neighbors back yards and at a very competitive price.

Our communities know the impact the ethanol industry has on their businesses through sales tax, good paying jobs, kids enrolled at our local school, patronage at local shops and more. South Dakota needs the ethanol industry.

As I stated previously, not only do we need carbon capturing, but so do other businesses such as the fertilizer industry. We will see businesses move near the

pipeline to take advantage of the opportunity to reduce their carbon footprint and like GLE, keep their industry viable. South Dakota industries needs the carbon pipeline – it's not just about agriculture it's about all industrial businesses.

Should House Bill 1133 pass into law, this could be the nail in the coffin to the South Dakota ethanol industry. This bill will essentially kill the carbon capture project and ethanol plants like GLE will loose market access which will cause a hardship we will not be able to recover from.

Keep South Dakota ethanol and agriculture alive and thriving – please vote no on House Bill 1133.

Thank you for your time today. Do you have any questions for me?