RENEWABLE FUELS ASSOCIATION

October 6, 2022

Attention: Docket Number HP22-002

South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 E. Capitol Ave.
Pierre, SD 57501-5070

Re: Application of Navigator Heartland Greenway, LLC for a Permit Under The South Dakota Energy Conversion and Transmission Facilities Act to Construct the Heartland Greenway Pipeline in South Dakota

The Renewable Fuels Association (RFA) appreciates the opportunity to submit these comments in support of the granting of a permit to Navigator Heartland Greenway, LLC (Navigator) to construct the Heartland Greenway Pipeline in South Dakota. RFA is the leading trade association for America's ethanol industry. Founded in 1981, RFA's mission is to drive expanded demand for American-made renewable fuels and bioproducts worldwide. RFA's 300-plus members are working to help America become cleaner, safer, more energy secure, and more economically vibrant.

In July 2021, the RFA's producer-members pledged to reduce their greenhouse gas (GHG) emissions by at least 70 percent on average by 2030, compared directly to gasoline, and to ensure that ethanol achieves net-zero lifecycle GHG emissions by 2050 or sooner.[1] Carbon capture and sequestration (CCS) is the single largest step that ethanol producers can take to reduce their carbon footprint, which is critical for maintaining and growing markets in the future, and Navigator is one of the largest and most advanced pipeline systems in development. Moreover, since the ethanol industry produces a nearly pure stream of biogenic carbon dioxide, it is a great fit for CCS.

Several South Dakota ethanol facilities are approved to sell ethanol into California under the state's Low Carbon Fuel Standard, and the California Air Resources Board is currently in process of adopting a new Scoping Plan that will require even steeper reductions in the carbon intensity of transportation fuels, with the goal of carbon neutrality by 2045. California is the largest state market for ethanol, accounting for just over 10% of national consumption. Oregon operates a Clean Fuels Program, and similar programs have recently been adopted in Washington state and Canada, the largest destination for U.S. ethanol exports. With CCS, corn ethanol can achieve a carbon intensity close to that of battery electric vehicles powered by a relatively clean electricity grid, which will help keep ethanol competitive in areas with such programs.

[1] RFA Website (ethanolrfa.org): Our Net-Zero Carbon Pledge

Additionally, there are sizable new market opportunities for ethanol—notably sustainable aviation fuel (SAF), fuel for heavy-duty trucking, and green chemicals—and the ability to compete in these markets is often predicated on GHG reduction. The recently passed Inflation Reduction Act included a new tax credit for the use of SAF having lifecycle GHG emissions at least 50 percent below petroleum-based jet fuel, and the amount of the credit increases linearly with further reductions. Corn ethanol-to-jet fuel currently does not meet that threshold, and in the near term CCS is the most direct path to qualifying for the credit. Furthermore, beginning in 2025, this incentive will be integrated into a broader Clean Fuel Production Credit, which also has a minimum GHG reduction threshold. Additionally, the Biden Administration has initiated a Sustainable Aviation Fuel Grand Challenge, under which production is slated to increase to 3 billion gallons per year by 2030 and 35 billion gallons per year by 2050.

As the ethanol industry decarbonizes further and approaches net zero, more market opportunities will open, and the ability to monetize GHG reductions will expand. A recent study by Informed Sustainability Consulting confirmed the ability of the industry to achieve net zero, identifying five distinct pathways to reach the goal based on a set of 28 emissions reduction actions that were considered. According to the report, the core pathway to net zero includes "installation of carbon capture and sequestration … technology at 40% of ethanol facilities by 2030, up to 90% by 2050."[2]

The successful deployment of pipeline systems that transport and sequester carbon dioxide is important to the RFA because of our producer-members' net-zero pledge and because many of our members have expressed their intent to participate in one of the planned systems. It should also be of substantial interest to South Dakota since the state is one of the largest producers of ethanol and the industry contributes $3.7 billion to gross state product and supports over 25,000 jobs.[3] Given that ethanol uses half of the state's corn crop, the agriculture sector accounts for a significant share of industry expenditures and the jobs that are supported.

For these reasons, RFA strongly supports the Public Utilities Commission's granting of a permit to Navigator to construct the Heartland Greenway Pipeline. Thank you again for the opportunity to submit these comments.

[2] *Pathways to Net-Zero Ethanol: Scenarios for Ethanol Producers to Achieve Carbon Neutrality by 2050*; Emery, I., February 2022; RFA Website (ethanolrfa.org): Library: Ethanol and the Environment
[3] *Contribution of the Ethanol Industry to the Economy of the United States In 2021*; Urbanchuk, J., February 2022; RFA Website (ethanolrfa.org): Library: Ethanol and the Economy

Sincerely,

Geoff Cooper
President & CEO