



May 21, 2019

The Honorable Pat Roberts
Chairman
Senate Committee on Agriculture
328A Russell Senate Office Building
Washington, DC 20510

The Honorable Debbie Stabenow
Ranking Member
Senate Committee on Agriculture
328A Russell Senate Office Building
Washington, DC 20510

Dear Chairman Roberts and Ranking Member Stabenow:

On behalf of the members of the American Coalition for Ethanol (ACE), I write to thank you for today's hearing on "Climate Change and the Agriculture Sector" and to highlight a report we have published which demonstrates how farmers and low carbon renewable fuels such as corn ethanol can be part of the solution to reducing greenhouse gas (GHG) emissions and getting the rural economy back on track.

ACE is a grassroots advocacy organization, powered by rural Americans from all walks of life who have built an innovative industry that delivers homegrown biofuel and food for a growing world. Our 500 members include U.S. ethanol biorefineries, investors in biofuel facilities, farmers, and companies that supply goods and services to the U.S. ethanol industry. More can be found about ACE at ethanol.org

Congressional action on climate could be viewed as a cost or a chance for new economic opportunities. As you know, U.S. farmers are already under tremendous financial stress. Net farm income is collapsing, expenses are on the rise, and bankruptcies are at the highest level in the last decade. Ongoing trade tensions resulting in lost markets and weather-related disasters are only adding insult to injury.

While the production and use of renewable fuels has provided a meaningful economic boost for farmers and rural America, the Environmental Protection Agency's (EPA) mismanagement of the Renewable Fuel Standard (RFS) has undermined ethanol demand. EPA's "small refinery waivers" have contributed to the first decline in ethanol use in 20 years, with U.S. consumption falling from 14.49 billion gallons in 2017 to 14.38 billion gallons in 2018. The waivers also damage markets for farmers.

The economic stakes are high. Farmers are obviously concerned that climate policy could result in increased costs for fuel, fertilizer, and other inputs. But there is also opportunity. Congress could provide rural America with concrete benefits from climate-centered policies that outweigh potential negatives, such as recognizing the role agriculture can play to mitigate climate change and increasing the use of low carbon fuels.

The United States Department of Agriculture (USDA) has made it clear agriculture can play an important role in mitigating climate change through soil carbon sequestration. USDA identifies sequestration as "among the best options for carbon storage in terrestrial ecosystems," and estimates that U.S. farmers already store 20 million metric tons of carbon per year. USDA forecasts that agriculture could store an additional 180 million metric tons per year, representing an estimated 12-14 percent of total U.S. carbon emissions annually.



Last year, ACE published a report titled [“The Case for Properly Valuing the Low Carbon Benefits of Corn Ethanol”](#) to highlight how U.S. farmers and ethanol producers are improving efficiencies, investing in technologies, and adopting practices to dramatically reduce lifecycle GHG emissions from corn ethanol. This report explains how increasing the use of corn ethanol beyond levels called for in the RFS will help reduce GHGs. It also calls on EPA to adopt the latest U.S. Department of Energy “GREET” model for making determinations about ethanol’s lifecycle GHG emissions, because EPA’s own analysis overstates reality. Finally, the White Paper reinforces USDA’s conclusion that agriculture can help mitigate climate change and connects the dots between no-till corn production and low carbon ethanol which could generate an economic premium with an appropriate market incentive.

According to the most recent (2018) version of the GREET model, average corn ethanol reduces lifecycle GHG emissions by 45 percent compared to gasoline. If the GREET model is updated to account for the increased adoption of reduced tillage corn production, enhanced efficiency fertilizer use, and for soil carbon sequestration from corn, it is possible ethanol will reduce GHG emissions by between 50 and 60 percent compared to gasoline in the not-too-distant future.

Unfortunately, significant agriculture carbon sequestration practices are currently left untapped due to a lack of proper market drivers, but work is underway at the state level to gain access to low carbon markets based on adopting soil health production practices. According to South Dakota State University, if all of South Dakota’s 6 million corn acres were eligible to sell carbon offsets on the voluntary market it could mean nearly \$90 million per year in revenue for the state’s farmers.

ACE believes unlocking the marketplace for low carbon fuels creates the economic driver to help farmers adopt practices that maximize atmospheric carbon sequestration in soil. For example, if the California Low Carbon Fuel Standard (LCFS) accounted for soil carbon sequestration benefits from low and no-till corn production, Midwest ethanol delivered to the LCFS market could receive a \$0.26 per gallon premium at current credit prices in California and at current soil organic carbon (SOC) sequestration rates found in the Midwest. This would generate an additional \$26 million in revenue per year for a 100 million gallon ethanol facility, creating meaningful rural economic and farmer benefits.

As the committee begins this timely discussion about the role of agriculture in climate change, the current economic stakes intensify the need for policies which can provide a meaningful return on investment. I hope the ACE White Paper is a helpful guide to recognize that rewarding U.S. farmers for practices that sequester carbon in the soil and increasing the use of low carbon fuels like corn ethanol can be part of the solution to reduce GHGs and get the rural economy back on track.

Thanks for your consideration and please let me know if I can help answer any questions you or your staff may have about the ACE White Paper.

Sincerely,

Brian Jennings, CEO
American Coalition for Ethanol (ACE)