

New Carbon Markets

Policymakers are putting a value on carbon and rewarding businesses for reducing GHG emissions and ACE is working at the state and federal level to educate lawmakers about opportunities to increase ethanol use through Clean Fuel Policy.

A diverse set of stakeholders throughout the Midwest developed a policy framework recently to encourage new low carbon fuel markets, resulting in "[A Clean Fuels Policy for the Midwest](#)" report we released in January of this year. The report describes how properly crafted policy at the state level can spur low carbon fuels and provide meaningful economic benefits to farmers and biofuel producers – nearly 1 billion dollars annually in the Midwest region. Following the release of the report, several states have contacted ACE to learn more about how to push for new clean fuel legislation.

At the federal level, despite the pandemic, ACE engaged Congress to position agriculture and ethanol as part of the solution to their policy efforts designed to reduce greenhouse gas (GHG) emissions. Our engagement paid dividends because it helped inform the recommendation in a June 30 [report](#) by the U.S. House of Representatives Select Committee on Climate Crisis for a new technology-neutral Low Carbon Fuel Standard (LCFS) built in addition to the existing RFS.

Properly crafted low carbon fuel policy built on top of the RFS's success in beginning to break our country's reliance on petroleum is one of the most meaningful things Congress can do to address climate change.

The Select Committee's recommendation for a new LCFS follows the strategic spade work ACE has been doing to leverage ethanol's low carbon benefits in the market. In 2018 we issued a white paper "[The Case for Properly Valuing the Low Carbon Benefits of Corn Ethanol](#)," illustrating how lifecycle modeling needs to better reflect modern-day farming practices and ethanol production technologies and why increasing ethanol use is part of the solution to further reduce GHG emissions.

The Select Committee's report [cites our Midwest Clean Fuel Policy framework](#) as a positive example of progress, and also mirrors our recommendations to reflect the best-available science for lifecycle assessments and reward farmers and biofuel producers using climate-smart practices that reduce carbon emissions, store soil carbon, and reduce nitrous oxide emissions.