

Testimony of Gerald Bachmeier

President of North Dakota Ethanol Producers Association and CEO of Red Trail Energy

To the Senate Appropriations Committee
In Support of House Bill 1475

March 29, 2021

Chairman Holmberg and members of the Appropriations Committee:

I am Gerald Bachmeier, I serve as the president of the North Dakota Ethanol Producers Association, which represents North Dakota's six ethanol plants, industry stakeholders and associated businesses. Ethanol Producers support Senate Bill 1475 to enhance financing assistance to additional value-added agriculture opportunities. Expansion of sustainable products, high value processes, livestock feeding, and new markets can lead to opportunities for agriculture that support high paying jobs and enhance economic activity.

North Dakota's ethanol industry already contributes more than \$623 million annually to the state's economy and provides thousands of direct and indirect jobs. North Dakota's economy is dependent on agriculture and ethanol is an important part of that economy- the industry converts 200 million bushels of corn (40 to 60% of the state's average corn crop) into 543 million gallons of ethanol and 1.5 million tons of dried distillers grains for livestock feed.

We appreciate the state's proactive focus on supporting value added agriculture. We appreciate the proposals that will continue to encourage agricultural processing. House Bill 1475 includes a substantial appropriation for grants and loans to support processing, feeding operations and other value-added startups, expansions, and process investments.

This type of fund could bolster next generation opportunities to add more value to ethanol by capturing and storing carbon dioxide (CO₂). By pulling off the CO₂ and geologically storing it, we improve the Carbon Intensity (CI) value of the ethanol as evaluated by several West Coast markets. Ethanol produced with a lower CI score is differentiated from other ethanol and is worth more in California and Oregon due to their Low Carbon Fuel Standards.

North Dakota ethanol producers are also capturing the corn oil which is being used for industrial lubricants and renewable diesel fuel. Our members are investing in projects like these, to further process ethanol, corn or other agriculture products into higher-value products, help generate additional revenue. Expanding the value-added interest buydown can help support investments that are good for farmers, communities, and North Dakota.

We thank you for your support of the state's ethanol industry in the past and urge your favorable consideration of HB 1475, which can support additional investments in agriculture diversification and processing enterprises. The ethanol producers appreciate your affirmative consideration.