

Date: June 8, 2020

To: Governor's Council on Biofuels
Commissioners Petersen, Bishop, Kelley, and Kelliher

From: Bob Patton
Energy and Environment Supervisor
Agricultural Marketing and Development Division
bob.patton@state.mn.us, 651-201-6226

RE: Governor's Council on Biofuels Meeting #7, June 11, 2020

At the June 11th meeting, the Council will begin the process of policy development. The process is intended to be one of consensus-building. The Council will first consider a draft vision statement and set of principles approved on May 26th by the Executive Committee. The vision statement is meant to represent a common idea of where the Council process is headed overall. The principles are intended as a means to evaluate policy proposals.

Following the meeting, councilmembers will be asked to submit policy proposals. These policy proposals will be preliminarily evaluated by the Executive Committee at its June 30th meeting.

A final task of the council at the June 11th meeting will be to approve a proposal for an infrastructure subcommittee proposed by Tim Gross and approved by the Executive Committee for Council consideration.

A provision of the agriculture policy bill (HF 4285) requires a report to the Legislature from the MDA. Our judgement is that the November 1 report to the Governor based on the Council's recommendations will include all the elements required in the policy bill language. An excerpt is included in the packet.

The packet for the meeting includes the following:

- Agenda
- Meeting presentation slides
- Draft vision statement
- Draft principles
- Email from Tim Gross
- Excerpt of House File 4285 (the agriculture policy bill) containing the requirement for a report on biofuels

Please let me know if you have any questions.

Governor's Council on Biofuels

June 11, 2020 Meeting

1:00 p.m. to 4:00 pm
Webex Teleconference

Agenda

1:00 p.m.

Welcome and introductions

Commissioner Thom Petersen, Minnesota Department of Agriculture (MDA)

1:05 p.m.

Overview of agenda

Bob Patton, Energy and Environment Supervisor, MDA

1:10 p.m.

Overview of proposed Governor's Council policy development process

Bob Patton

1:25 p.m.

Review draft vision statement

Council discussion

2:05 p.m.

Review draft principles

Council discussion

2:45 p.m.

Overview of planned policy proposal process

Bob Patton

3:05 p.m.

Discuss proposal for infrastructure committee

Council discussion

3:45 p.m.

Public comment and questions

4:00 p.m.

Adjourn

Governor's Council on Biofuels: Meeting #7

Thursday, June 11, 2020

1:00 to 4:00 p.m.



Agenda

1:00 p.m. Welcome and introductions

1:05 p.m. Overview of agenda

1:10 p.m. Overview of proposed Governor's Council policy development process

1:25 p.m. Review draft vision statement

2:05 p.m. Review draft principles

2:45 p.m. Overview of planned policy proposal process

3:05 p.m. Discuss proposal for infrastructure subcommittee

3:45 p.m. Public comment and questions

4:00 p.m. Adjourn

Proposed Policy Development Process

Consensus-building process: elements

- Vision statement: To have a common idea of where we're headed overall
- Principles: To provide the Council criteria to evaluate the merits of policy proposals
- Decision-making: Consensus if possible, with voting and minority report as a fallback

Process and timeline June 11

- June 11 meeting
 - Adopt vision statement
 - Approve principles
 - Briefly discuss policy development process
 - Approve infrastructure subcommittee proposal

Future process and timeline

- Post-June 11 meeting:
 - Councilmembers draft and submit policy proposals (proposed due date: Wed., June 24th)
 - Infrastructure subcommittee organized
- June 30 Executive Committee: Committee organizes and evaluates policy proposals using adopted principles
- Subsequent full council meetings (beginning in July): Council further refines policy proposals
- Infrastructure subcommittee begins meeting

Vision, Principles, Policy Proposals, Infrastructure Subcommittee

Draft Vision Statement

The state moves rapidly to establish E15 as a base fuel. In addition, the state will adopt policies and programs to foster robust development of biofuels in Minnesota, and market access over the coming decades. This will be done in ways that:

- Reduce greenhouse gas emissions;
- Complement state efforts to decarbonize the transportation sector;
- Protect and enhance air quality and public health, water quality, wildlife habitat, biodiversity, soil productivity and other associated ecological services, and ensure healthy and vibrant forest-reliant communities;
- Improve the economic vitality of the state, particularly in rural Minnesota and in the renewable energy, agricultural, and forest sectors;
- Reduce fuel costs;
- Financially reward farmers for environmental stewardship, particularly for agronomic practices that lower carbon intensity of biofuels feedstock and have other environmental and public health benefits;
- Improve infrastructure in order to prepare for mid-level blends;
- Educate the public on compatibility and performance of biofuels in vehicles, and on biofuels' comparative benefits to public health and the environment.

Draft Principles

Recommendations will:

- Advise the Governor, and the Commissioners of the Department of Agriculture, the Department of Transportation, the Department of Commerce, and the Pollution Control Agency on the role of biofuels in reducing greenhouse gas emissions
- Include policies and programs that:
 - Foster growth and use of biofuels including higher blends and supporting policies
 - Accelerate achievement of the petroleum replacement goals outlined in Minnesota Statutes 2018, section 239.7911
 - Advance and invest in carbon efficiency improvements of biofuels plants and sources of biofuels feedstock
 - Utilize biofuels to help Minnesota achieve its greenhouse gas reduction goals under the 2007 Next Generation Energy Act
 - Identify the biofuels infrastructure required to achieve the petroleum replacement goals
 - Recommend cost-effective incentives necessary to expedite the use of greater biofuel blends in this state, including but not limited to incentives for retailers to install equipment necessary to dispense biofuels to the public
- Consider the relation of biofuels production to the impacts to, and opportunities for, farmers, rural communities, the natural environment, and economically disadvantaged populations
- Consider the feasibility and cost of increasing biofuels infrastructure throughout Minnesota

- E15 and midlevel blends
- Biodiesel
- Biofuels infrastructure
- Clean Fuels Policy/LCFS
- Public understanding and marketing
- Vehicles and biofuels

Policy Proposal Process

- Policy proposals should:
 - State specifically what action state government would take (e.g., state should establish a grant program to assist...)
 - State the purpose of the action (how the action will address barriers and opportunities)
 - Consider how the proposal will:
 - Move us toward the adopted vision
 - Meet the principles
- Council members submit (email to Bob Patton and) by June 24th

Infrastructure Subcommittee: Proposed membership

- Minnesota Corn Growers Association
- Ethanol Producer
- Biodiesel Producer
- Minnesota Service Station Association
- Minnesota Petroleum Marketers Association
- State agencies
 - MDA
 - Commerce
 - MPCA
- Other members or subject-matter experts:
 - Large retail chains
 - Installers
 - Others?

Thank you!

Bob Patton/Jordyn Buchholtz

Bob.Patton@state.mn.us/Jordyn.Buchholtz@state.mn.us

651-201-6226/651-201-6685

Draft Governor's Council on Biofuels Vision For consideration at GCB Meeting #7 (6/11/2020)

The state moves rapidly to establish E15 as a base fuel. In addition, the state will adopt policies and programs to foster robust development of biofuels in Minnesota, and market access over the coming decades. This will be done in ways that:

- Reduce greenhouse gas emissions;
- Complement state efforts to decarbonize the transportation sector;
- Protect and enhance air quality and public health, water quality, wildlife habitat, biodiversity, soil productivity and other associated ecological services, and ensure healthy and vibrant forest-reliant communities;
- Improve the economic vitality of the state, particularly in rural Minnesota and in the renewable energy, agricultural, and forest sectors;
- Reduce fuel costs;
- Financially reward farmers for environmental stewardship, particularly for agronomic practices that lower carbon intensity of biofuels feedstock and have other environmental and public health benefits;
- Improve infrastructure in order to prepare for mid-level blends;
- Educate the public on compatibility and performance of biofuels in vehicles, and on biofuels' comparative benefits to public health and the environment.

Draft Governor's Council on Biofuels Principles For consideration at GCB Meeting #7 (6/11/2020)

Recommendations will:

- Advise the Governor, and the Commissioners of the Department of Agriculture, the Department of Transportation, the Department of Commerce, and the Pollution Control Agency on the role of biofuels in reducing greenhouse gas emissions
- Include policies and programs that:
 - Foster growth and use of biofuels including higher blends and supporting policies
 - Accelerate achievement of the petroleum replacement goals outlined in Minnesota Statutes 2018, section 239.7911
 - Advance and invest in carbon efficiency improvements of biofuels plants and sources of biofuels feedstock
 - Utilize biofuels to help Minnesota achieve its greenhouse gas reduction goals under the 2007 Next Generation Energy Act
 - Identify the biofuels infrastructure required to achieve the petroleum replacement goals
 - Recommend cost-effective incentives necessary to expedite the use of greater biofuel blends in this state, including but not limited to incentives for retailers to install equipment necessary to dispense biofuels to the public
- Consider the relation of biofuels production to the impacts to, and opportunities for, farmers, rural communities, the natural environment, and economically disadvantaged populations
- Consider the feasibility and cost of increasing biofuels infrastructure throughout Minnesota

From: [Tim Gross](#)
To: [Patton, Bob \(MDA\)](#)
Subject: Executive Committee Suggestion
Date: Wednesday, April 29, 2020 1:52:32 PM

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Bob,

I wonder if you would be willing to pass on this suggestion to the Executive Committee?

Might the executive committee consider forming a subcommittee to address possible solutions to the Underground Storage Tank system infrastructure issue related to E-15? The subcommittee would be charged with presenting to the full council a suggested set of solutions to the issue of infrastructure compatibility to allow E15 and higher blends to be offered for sale more wide-spread in our state.

The subcommittee should include representatives for the Department of AG, the Department of Commerce (including the MPCA and the Petrofund), Department of Revenue, the Corn Growers, the Ethanol producers, MSSA and myself.

There is a fear that without a small working group attending to this issue now, we might not have a solution ready to present to the Governor by November.

Thank you for your consideration,

Tim

Timothy Gross
Executive Director
Minnesota Petroleum Marketers Association
Direct - 651.888.8752
Cell - 218.391.3556
tgross@mpmaonline.com

53.1 The amounts in clauses (3) to (6) are onetime.

53.2 Notwithstanding Minnesota Statutes, section

53.3 16A.28, any unencumbered balance does not

53.4 cancel at the end of the first year and is

53.5 available for the second year and

53.6 appropriations encumbered under contract on

53.7 or before June 30, 2021, for agricultural

53.8 growth, research, and innovation grants are

53.9 available until June 30, 2024.

53.10 The base amount for the agricultural growth,

53.11 research, and innovation program is

53.12 \$14,693,000 in fiscal year 2022 and

53.13 \$14,693,000 in fiscal year 2023, and includes

53.14 funding for incentive payments under

53.15 Minnesota Statutes, sections 41A.16, 41A.17,

53.16 41A.18, and 41A.20.

53.17 The commissioner must consult with the

53.18 commissioner of transportation, the

53.19 commissioner of administration, and local

53.20 units of government to identify at least ten

53.21 parcels of publicly owned land that are suitable

53.22 for urban agriculture.

53.23 **Sec. 35. FARM SAFETY RECOMMENDATIONS.**

53.24 The commissioner of agriculture, in consultation with the Farm Safety Advisory

53.25 Committee, must develop recommendations regarding how best to provide financial and

53.26 technical workplace safety assistance to Minnesota farmers. No later than January 15, 2021,

53.27 the commissioner of agriculture must report to the legislative committees and divisions with

53.28 jurisdiction over agriculture.

53.29 **Sec. 36. BIOFUELS REPORT.**

53.30 The commissioner of agriculture must prepare a report outlining Minnesota's ability to

53.31 meet the petroleum replacement goal in Minnesota Statutes, section 239.7911, and utilize

53.32 biofuels to achieve the greenhouse gas reductions under Minnesota Statutes, chapter 216H.

53.33 No later than January 15, 2021, the commissioner of agriculture must submit the report to

54.1 the chairs and ranking minority members of the legislative committees and divisions with
54.2 jurisdiction over agriculture policy and finance. The report must:

54.3 (1) recommend specific policies that would utilize biofuels to accelerate achievement
54.4 of the petroleum replacement goal and the greenhouse gas reduction goals;

54.5 (2) identify the biofuels infrastructure required to achieve the petroleum replacement
54.6 goal; and

54.7 (3) recommend cost-effective incentives necessary to expedite the use of greater biofuel
54.8 blends in this state, including but not limited to incentives for retailers to install equipment
54.9 necessary to dispense renewable liquid fuels to the public.