

**Testimony of Gerald Bachmeier**

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

To the Senate Agriculture Committee  
**In Support of House Bill 1475**

March 12, 2021

Chairman Luick and members of the Agriculture 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. I am here today to support Senate Bill 1475 to enhance financing assistance to additional value-added agriculture opportunities.

The Ethanol Producers Association supports the proposal in HB 1475 to enhance investment in emerging technologies and next generation 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 compliment the legislature's proactive focus on supporting value added agriculture. We appreciate the proposals that will continue to encourage agricultural processing. As introduced, HB 1475 included a substantial appropriation for grants and loans to support processing and feeding operations. While we understand state budget challenges, we hope this committee will increase the funding from the present \$5 million in the bill to at least \$20 million to be available to buydown interest on loans extended to value-added startups, expansions, and process investments.

I want to update the committee on our efforts toward a next generation opportunity to add more value to ethanol by capturing and storing carbon dioxide (CO<sub>2</sub>). Ethanol plants produce 18 pounds of CO<sub>2</sub> from every bushel of corn processed. Our industry recognizes an opportunity capture that CO<sub>2</sub> to generate additional revenue.

At Red Trail Energy in Richardton, we are working in coordination with the Energy and Environmental Research Center on a Carbon Capture and Storage project, which has the potential for tens of millions of dollars of economic impact per year. The Renewable Energy Council, along with private industry, have supported research to help commercialize emerging CO<sub>2</sub> capture technologies. This opportunity has the promise of bringing significant impact to North Dakota and extending value to numerous industries. Red Trail Energy has done the research, made the investment, received the permits and gained process

approvals to gain additional value for our ethanol by capturing the CO<sub>2</sub> we produce. By pulling off the CO<sub>2</sub> 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.

I will be glad to answer any questions you may have.