

**RFA Testimony to the USDA Public Consultation on
Climate-Smart Agriculture Biofuel Feedstocks**

October 1, 2024

Good morning. My name is Geoff Cooper, and I am President and CEO of the Renewable Fuels Association, the leading trade association for U.S. ethanol producers. We appreciate USDA's leadership on climate-smart agriculture and the opportunity to provide our thoughts today on how regulatory approaches can be structured to maximize the adoption and benefits of CSA practices.

CSA offers American farmers an extraordinary opportunity to reduce their environmental footprint while enhancing revenues and market opportunities. At the same time, CSA could provide ethanol producers with an opportunity to reduce the carbon intensity of their products and qualify for tax credits under the Inflation Reduction Act. In the future, integration of CSA into CI scoring could also allow ethanol producers to become more competitive in state low-carbon fuel programs and to expand access to export markets.

In particular, the IRA Clean Fuel Production Credit, commonly referred to as 45Z, has tremendous potential to decarbonize liquid fuels used for both on-road transportation and aviation. If implemented correctly, 45Z could provide powerful incentives for the broad adoption of CSA practices.

However, if 45Z and other regulations require that physical commodities grown using CSA practices be rigidly tracked through the supply chain and delivered to biofuel production facilities, this could severely limit the adoption of such practices, and it could cause significant distortions in grain flows and pricing.

The agricultural supply chain is massive and complex, yet highly efficient. It encompasses hundreds of thousands of participants, including farmers, grain elevators, processors, livestock feeders, shippers, and others. If the potential benefits of CSA practices are to be fully realized in the 45Z program, innovative supply chain management solutions will be needed.

Fortunately, a solution exists. Decoupling CSA attributes from the physical feedstock and allowing the biofuel producer to use book-and-claim accounting would encourage widespread adoption of CSA practices by growers and broad incorporation of CSA emissions improvements into biofuel lifecycle CI values. At the same time, book-and-claim accounting will allow the grain market to continue operating rationally and efficiently for all participants.

Additionally, RFA believes that CSA practices should not be bundled for the purposes of CI scoring. We also believe that standard national or broad regional average "proxy" factors should be used for the GHG reductions associated with individual CSA practices, based on the best

available science and most common applications of the practices. This approach would avoid issues related to significant geographical variation in CSA emissions impacts and challenges associated with accurate measurement of GHG impacts at high spatial resolutions.

In closing, it is imperative that USDA, Treasury, and other government agencies working on standards for CSA and rules for IRA credits get them right. The potential to accelerate the decarbonization of biofuels using CSA practices is substantial. Moreover, ethanol producers that are able to capitalize on both CSA and carbon capture and sequestration could approach net zero emissions. This is a vision for the future that RFA fully embraces.

Thank you again for USDA's leadership, and I look forward to any questions.