



November 28, 2022

Dr. Karama Neal, Administrator
Rural Business-Cooperative Services
United States Department of Agriculture
Rural Development
1400 Independence Ave. SW
Washington, DC 20250

RE: RBS-22-NONE-0025, RBCS and RUS Inflation Reduction Act Implementation

Dear Administrator Neal:

The National Corn Growers Association (NCGA) appreciates the opportunity to provide written comments regarding the Inflation Reduction Act, including programs the U.S. Department of Agriculture's Rural Business-Cooperative Services will implement. Founded in 1957, NCGA represents nearly 40,000 dues-paying corn growers and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states. NCGA and its 50 affiliated state associations and checkoff organizations work together to sustainably feed and fuel a growing world by creating and increasing opportunities for corn growers.

As the primary producers of the feedstock for low-carbon ethanol, NCGA writes to share our views on energy programs in the Inflation Reduction Act, primarily Section 22003, which provides \$500 million in grants for infrastructure for blending, storing, supplying, or distributing biofuels. These grants will support greater market deployment of higher blends of low-carbon biofuels like ethanol, which also lower fuel costs, expand energy choice and support rural economies.

NCGA and its affiliated state organizations have promoted USDA's recent Higher Blends Infrastructure Incentive Program (HBIIIP), and corn growers have provided funding to support participants in the application process and cost-share assistance for applicants through our promotion programs. As such, NCGA and its state affiliates have a vested interest in the continued success of USDA's biofuels infrastructure grant program and achieving positive outcomes with the \$500 million provided in the Inflation Reduction Act. We look forward to partnering with USDA on this program, including with state USDA Rural Development offices.

Responses to General Questions

Question 1: *IRA requires that funds be fully disbursed by 9/30/2031, meaning construction and processing of all reimbursements must occur before then. Do you have a project(s) that could meet the statutory requirements of any of the RD IRA sections that could be completed within this time frame? When would be the soonest you would anticipate filing? When would financing need to be approved so project(s) could be completed within this time frame?*

In the most recent round of HBIIIP grants, USDA increased the grant disbursement period from 18 to 36 months. We believe this increase was a positive improvement for the program, especially given delays in obtaining equipment that many award recipients from the prior round of HBIIIP faced due to supply chain disruptions and cost increases from inflation.

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Infrastructure projects for the sale, distribution, blending and storage of higher blends of biofuels can be completed within the time frame of the Inflation Reduction Act. However, we urge USDA to set a timeline for Section 22003 funding to ensure ample lead time for notice of funding availability prior to opening the application window. This change would allow greater promotion of the program with potential applicants and more time for applicants to prepare to apply. From our experience with HBIP, we believe greater advance notice of the application period would improve applicant preparation, which improves the ability of projects to reach completion by the deadline.

We encourage USDA to set an implementation schedule that allows for advance notice of the program timeline, prior to the application period, that also includes the application period, agency review and evaluation of applicants, award decisions and 36 months for grant disbursements.

Furthermore, we urge USDA to be mindful of complementary programs in other sections of the Inflation Reduction Act, including a new Clean Fuel Production Tax Credit that begins in 2025 and extension of current tax credits for biodiesel and second generation biofuels through 2025. The Inflation Reduction Act also includes \$20 billion to support USDA conservation programs that provide climate-related benefits, offering farmers assistance with expanding practices that reduce greenhouse gas (GHG) emissions and increase soil carbon storage, helping reduce the carbon intensity of biofuels with lower-carbon feedstocks.

Obligating Section 22003 resources by 2025 will help biofuel producers and farmers better leverage these tax incentives and conservation investments designed to produce cleaner fuels by offering greater market access and supporting demand for these clean fuels. These programs of the Inflation Reduction Act work together to reduce emissions, offer cleaner transportation choices, improve energy security, and grow rural economies. Implementing these programs with that mindset will maximize the benefits. The sooner higher blends infrastructure is deployed in the marketplace, the more positive impact these complementary programs will have.

Question 2: *How do you recommend RUS/RBCS balance the interests of large and small applicants? What measures should be taken and stakeholders or partners should be engaged to ensure active participation in RD IRA funding in socially disadvantaged and distressed communities, particularly with projects that will have an Environmental Justice impact?*

The Targeted Assistance Goals USDA included in the current HBIP program help balance the interest of large and small applicants, as well as help distribute funds across a broader geographic region and to a greater number of recipients. USDA should also continue additional consideration for first-time applicants. Demonstrating greater sales and use of higher blends of ethanol and biodiesel on a gallons per dollar of funds ensures the program supports increased demand for renewable fuels and greater emissions reductions as those higher volumes of renewable fuels displace volumes of petroleum-based fuels that come with higher emissions and higher costs.

Greater availability of fuel choices with higher blends of biofuels has a positive environmental justice impact as higher blends of biofuels come at a lower cost. For example, when fuel prices were at their highest in the summer of 2022, drivers with access to E15 saved an average of 16 cents per gallon nationwide, with drivers in some areas saving up to \$1 per gallon. Consumers with access to E85 also saved at the pump, including in high-cost California with E85 priced as much as \$2 less per gallon. Higher blends of ethanol and biodiesel also cut both tailpipe and carbon emissions. Toxic tailpipe emissions often have the greatest impact on disadvantaged and distressed communities. Blending ethanol and biodiesel at higher levels displaces the most harmful

components of gasoline and diesel that cause more particulate matter, NOx, and other emissions, resulting in cleaner air and a reduction in negative health impacts.

Question 3: Projects funded under IRA are intended to increase energy efficiency (decrease consumption of energy) and increase the deployment and use of renewable energy and/or clean energy. Knowing this requirement, what metric is most appropriate to measure progress toward meeting the goal of achieving greenhouse gas reductions and the expansion of renewable/clean energy infrastructure?

For Section 22003 grants, demonstrating greater sales and use of higher blends of ethanol and biodiesel on a gallons per dollar of funds measures progress of achieving greenhouse gas reductions and the expansion of renewable/clean energy infrastructure. According to the Department of Energy, today's ethanol is between 46 and 52 percent lower in GHG emissions than gasoline, and ethanol's carbon intensity continue to shrink. Greater use of higher ethanol blends is a vital tool for cutting GHG emissions from transportation, especially when it comes to reducing emissions from the current fleet of vehicles already on the road. EPA approved E15 use in all 2001 and newer vehicles, which comprise 96 percent of the vehicles on the road today. Greater availability of E15 is an immediate decarbonization opportunity in these millions of existing vehicles.

Inflation Reduction Act Section 22003 Input

In our experience this year, NCGA and our state affiliates found that many of the changes USDA made for the most recent HBIIP application period from the 2020 HBIIP improved administration of the program for applicants and those who assist them, offering greater flexibility, efficiency, and a smoother application process. These improvements included the Unique Entity Identifier (UEI) process, allowance for applicants to incur costs while awaiting completion of environmental reviews, increase in the grant disbursement period to 36 months and updated cost share amounts. NCGA urges USDA to maintain these features when implementing the Section 22003 higher blends infrastructure funding.

With HBIIP as the basis for this \$500 million program, NCGA recommends USDA build on the success of HBIIP with some additional improvements and continue other beneficial features of HBIIP.

1. First, NCGA urges USDA to clearly communicate the expected timeline for the program in advance. As opposed to publishing program details in the Federal Register the date the application window opens, NCGA recommends USDA provide those details in a notice of funds availability or opportunity at least 90 days in advance of opening applications. This advance notice will provide time for NCGA and its state affiliates to promote the program to potential applicants and give potential applicants time to prepare to apply. During the most recent HBIIP, for example, our state partners found that the timeline, with no advance notice of program details, deterred some applicants or left potential applicants without sufficient time to collect information needed for the application and make decisions. Regardless of the duration of the application window, greater advance notice of program details and funding availability and a clear timeline will further improve program implementation.
2. Second, NCGA recommends USDA front-load implementation with the 2031 deadline to disburse funds. As previously noted, with up to 36 months allowed for grant disbursement in HBIIP, USDA should move expeditiously to implement the Section 22003 grants as soon as 2022 HBIIP award decisions are made and obligate resources by 2025. Should USDA opt not to make the full \$500 million available at one time, NCGA recommends no more than two tranches of funding to meet deadlines and maximize

program benefits in conjunction with complementary Inflation Reduction Act programs such as the Clean Fuel Production Tax Credit.

3. Regarding the HBIIP per-recipient cap and cost share requirements, NCGA recommends lifting the per-recipient cap, especially if all funds are made available in a single funding opportunity. Lifting the per-recipient cap would also be beneficial for retail applicants with locations in multiple states. Applicants that demonstrate the greatest increase in volume in higher blends of ethanol on gallons per dollar of requested funds and applicants moving high volumes of biofuels should continue to be incentivized by this program. NCGA also supports continuing the up to 50 percent cost share for new or upgraded tanks, with a focus on storage tanks that are out compliance or facing expiration. Out-of-date tanks, when tanks with E100 compatibility have now long been the industry standard, are often cited by retailers and other marketers as a barrier to higher blends.
4. NCGA strongly recommends USDA continue the HBIIP requirement that all above-ground consumer point of sale fueling equipment be certified by Underwriters Laboratory (UL) to meet or exceed the ability to dispense fuel blends containing a minimum of 25 percent ethanol. The primary fuel pump manufacturers in the United States offer products UL certified for up to E25. It is important to ensure eligible equipment and infrastructure are compatible not only for the higher ethanol blends available in the market today, such as E15 and E85, but also for mid-level blends in coming years. Fueling infrastructure upgrades are a long-term investment for retailers.

NCGA works with fuel pump manufacturers to support the development, testing and sales of equipment certified to dispense fuel blends containing a minimum of 25 percent ethanol. For example, NCGA is continuing a successful four-year market support program with Wayne Fueling Systems, one of the leading pump manufacturers, to incentivize sales of Wayne's E25 compatible dispensers. Our market support program has received a positive response from retailers, helping ensure the infrastructure investments they make today will also work for fuels available in the future. USDA's requirement in HBIIP complements NCGA's fuel dispenser infrastructure program.

As we consider future fuels, low-carbon high-octane fuels, such as mid-level ethanol blends, support improved vehicle fuel economy and reduce GHG emissions, as well as lower criteria pollutant emissions. The transition to clean, high octane future fuels can be supported now through infrastructure investments compatible with both the fuel blends available in today's marketplace and higher blends available in tomorrow's marketplace.

In addition to the UL 87A certification for blends up to E25, UL has also completed testing and certification of equipment from U.S. manufacturers for use with blends containing up to 40 percent ethanol. This new UL listing for E40 compatibility and expected production of E40 certified dispensers beginning in late 2022 allows USDA to consider inclusion of a minimum standard of E40 certification for new equipment purchased through this program or including a preference for equipment certified to this new standard.

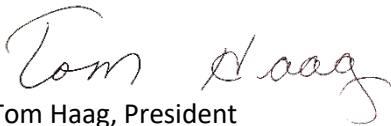
5. NCGA also recommends USDA continue to ensure dedicated resources within the agency to quickly respond to questions from applicants and cost share partners, particularly ensuring sufficient staffing resources for the larger volume of requests that would come with a larger grant program.
6. Finally, we encourage USDA to engage with the White House, the Environmental Protection Agency and the Department of Energy on additional federal improvements that would support greater availability of

higher blends of biofuels to consumers and further leverage the benefits of Section 22003, including the following recommendations:

- To ensure permanent full-market access for E15 in conventional gasoline markets, remove unnecessary and outdated barriers preventing year-round E15 sales by providing E15 parity with standard E10 fuel or requiring lower volatility conventional gasoline blendstock.
- To support greater production of new flex-fuel vehicles (FFV) that run on E85, EPA must provide equitable crediting across the spectrum of low emission vehicles, including FFVs, and update the F-factor in the fuel economy formula to a forward-looking F-factor of at least 0.2.
- To open additional pathways for higher biofuel blends that cut emissions and improve fuel economy, EPA should set a federal clean octane standard in conjunction with setting GHG and multi-pollutant standards for model year 2027 and later vehicles.
- To correctly account for the lifecycle GHG emissions reductions from replacing more petroleum fuels with biofuels and the declining carbon footprint of biofuels, federal agencies, including those implementing the Inflation Reduction Act, should rely on the Department of Energy's Argonne National Laboratory's GREET model for lifecycle analysis, which includes updated USDA data on feedstock production.

Corn growers have invested our resources in biofuels infrastructure over many years, including as a cost-share partner for HBIP recipients, through our own state-based retailer support and incentive programs, and partnering with state government efforts. We stand ready to partner with USDA as you implement the Section 22003 program from the Inflation Reduction Act. Thank you for considering corn growers' input and for USDA's efforts to support higher biofuel blends.

Sincerely,

A handwritten signature in cursive script that reads "Tom Haag".

Tom Haag, President
National Corn Growers Association