

Testimony to
The North Dakota Public Service Commission (PSC)

May 24, 2024

By: Commissioner Chad Peterson, Cass County Chairman

RE: Support for SCS Carbon Transport LLC

Members of the North Dakota Public Service Commission,

I am Chad Peterson, current Chair of the Cass County Commission, and I'm here to discuss our work with Summit Carbon Solutions. This partnership has brought the promise of significant developments to our community, and I'm eager to share some highlights with you.

First, from law enforcement to pipelines, public safety is a top priority for us. The Cass County Commission has worked with partners like Cenex and NuStar to move oil through our county via pipeline as opposed to rail. Pipelines have a long-proven record of safety, especially when compared to road or rail. Regarding this project, Summit has been proactive to keep Cass updated with their ongoing activities. Earlier this month, they briefed our Cass County Emergency Management team at the Casselton Fire Hall, walking them through the pipeline operations and safety scenarios through dispersion. Our team came out of that meeting confident in the project's safety measures. Along with their promise to provide any necessary emergency response equipment to prepare for an unlikely issue, Summit's also stepping up with financial support to boost our emergency services. They will contribute \$50,000 plus an extra \$1,000 for each mile of pipeline in our county.

Second, our county is rapidly growing with no signs of slowing down. Planning for this growth comes with both opportunities and challenges. Working with developers, regardless of project type, is incredibly important. Summit has been transparent and proactive here as well. They've successfully obtained approvals for all necessary road crossings within Cass County by working closely with our Highway Department. This effort shows their commitment to meet our standards and work within our regulatory framework. In addition to roads, Summit has also been proactive with the Maple River Water Resource District, ensuring all drain crossings are handled with care for our current infrastructure.

Third, I have been a resident of North Dakota my entire life. I have watched our neighbors grow and produce products only to see those products exported to be converted into value-added ag products elsewhere, but this has been changing. With new developments like North Dakota Soybean Processors, an almost \$400M investment just outside Casselton, we are changing the way we do business. The Summit project is also a big plus for our local economy, especially for Tharaldson Ethanol. The pipeline is key for them to stay competitive and sustainable. It's a win-win for our community's economic health. Further, the primary drivers of Summit's taxes on operations – for the whole project – are property tax liability, which is levied on gross property, plant, and equipment costs for pipeline and pump stations, and capture facilities. With approximately 22 miles of pipeline in Cass County, originating at the Tharaldson Ethanol plant, the annual property tax revenue to the county is \$465,000 (per the [Ernst & Young study](#) that Summit commissioned). And as mentioned above, this also ensures continued viability of existing businesses, expansion of those businesses and potential for future businesses to locate in North Dakota.



So, as you can see, our experience with Summit Carbon Solutions has been about effective partnership and progress. We're setting the stage for a safer and more prosperous future for Cass County, and I believe this project can serve as a great example of responsible and beneficial development.

Again, I urge I am writing to request your support of SCS Carbon Transport LLC (Summit Carbon Solutions).

I am always available for any questions should you wish to discuss further.

Sincerely,
Chad Peterson, Cass County Commission Chair
peteronc@casscountynd.gov



2321 N Loop Dr. Ste 221 Ames, IA 50010

May 17, 2024

Attn: Cass County Emergency Manager
4630 15th Ave. N.
Fargo, ND 58102

**Re: Summit Carbon Solutions
2321 N. Loop Drive Suite 221, Ames IA 50010**

Dear Cass County Emergency Manager:

We are pleased to announce that Summit Carbon Solutions ("Summit") will provide a grant to each county that will be crossed by our proposed pipeline. Summit will work with Emergency Managers and First Responders along the route to allocate these funds based on their individual needs.

The grant will be \$50,000, plus an additional \$1,000 per mile of pipeline in your county. The funds will be disbursed once all requisite federal, state, and local permits for the pipeline project are secured.

In addition to and separate from this grant, Summit will continue working with you and first responders to identify and support response equipment needs.

Our relationship with the communities where we will operate is invaluable, and as such, we look forward to continuing to build an effective working relationship with your community.

Sincerely,

Summit Carbon Solutions

A handwritten signature in black ink that reads 'James Powell'.

Jimmy Powell
Chief Operating Officer



May 24, 2024

North Dakota Public Service Commission
Case No. PU-22-391
SCS Carbon Express CO2 Pipeline Project

Testimony of Andrew Mauch

Members of the North Dakota Public Service Commission:

My name is Andrew Mauch. I am a farmer, corn grower, and landowner near Mooreton in Richland County. I am also the President of the North Dakota Corn Growers Association (NDCGA).

The North Dakota Corn Growers Association is a state-based organization driven by corn producers across the state, representing the interests of corn farmers in North Dakota, by engaging with both state and federal public officials on key issues that affect its growers. The NDCGA's mission is to create a healthy, profitable climate for northern corn.

Our organization and its state leaders have spent much time and effort on the issue driving this particular project. That being said, our comments here today are not directly regarding the proposed Summit Carbon Solutions pipeline, but rather the general issue of carbon capture and sequestration (CCS) of carbon dioxide generated at the state's ethanol production facilities.

Our board is comprised of 14 corn growers from seven districts across the state, three at-large growers, and three industry representatives. We are in constant communication with our fellow corn producers all over North Dakota, which helps us to keep our finger on the pulse of what our growers need.

When talking about CCS we have always tried to stay grounded by considering what will best support not only our current market demand, but also that going into the future. Initially, discussions centered around climate change, specifically what should be done with carbon dioxide from agricultural and industrial processes, what constitutes excessive carbon, and who is responsible for addressing it.

During this time, two of our state's five ethanol plants have developed their own CCS projects, thanks to their location to suitable rock formations for subsurface sequestration. The other three are evaluating their options, with at least one joining a collective five-state effort.

As more markets adopt low carbon fuel standards, ethanol plants must lower their carbon intensity scores to remain competitive. Canada, California, and Oregon have enacted such policies, with several other states and other countries considering similar measures. For us, this is about economic realities, preventing market loss, and expanding future markets.

We've also come to realize that this march towards sustainability and reduced carbon intensity is becoming consumer driven and economically motivated. Our partners like the U.S. Grains Council with offices around the world to help develop markets for U.S. Corn, and Northern Crops Institute in North Dakota, tell us their international customers are asking for it.

And now with the airline industry committed to the development and use of sustainable aviation fuel (SAF), the race is on to meet the production demand, and there are tremendous opportunities for an expanded market for North Dakota products like corn, soybeans and sugar beets. However, challenges remain. LanzaJet, the world's first SAF production facility opened in Georgia earlier this year. Even though we have ample domestic ethanol made from American corn, it is importing Brazilian ethanol because our ethanol currently does not have a low enough carbon intensity score that CCS would help to provide.

For the first time ever, Brazil overtook the U.S. for first place in world corn exports this past year. China is not buying as much US corn as they used to, and Mexico suddenly announced it will limit imports of U.S. genetically modified corn which is more than 90 percent of the U.S. corn we produce.

The average non farmer may say, the price we get from corn does not impact them, but North Dakota depends on agriculture. A recent first-time ever study of the economic contributions of agriculture to the state of North Dakota, showed a contribution of nearly \$31 billion to the economy and more than 110,000 jobs. NDSU researchers captured the economic contributions of all segments of agriculture to demonstrate that agriculture in North Dakota is much more than farm production. It includes handling, transportation, processing and manufacturing and when all of agriculture is combined, its impact to North Dakota is significant. Agriculture represents at least 20% to 25% of the state's total economy. One out of every five jobs in the state is supported by agriculture. North Dakota's agriculture's impact is far broader than farms and rural communities. Agriculture is important to not only rural North Dakota but the entire state.

As a college graduate 20 years ago, I was able to come back to the family farm because of the development of our ethanol plants and the value-added agriculture it provided. The states corn production has also grown significantly because of this. Ethanol production allowed over half of our corn to stay in state and be processed into something more valuable. And in years when the corn production quality was less than ideal, ethanol plants still provide a market for our corn. This increased our selling options, driving up demand and leading to better and stronger markets.

On April 30, the U.S. Treasury Department published its directive on qualifications for SAF 40B tax credits under the federal Inflation Reduction Act (IRA). It lays the groundwork for the upcoming year's 450^Z credits that will be ongoing. The agency prescribed that feedstocks used in the qualifying production must include a bundle of Climate Smart Agriculture practices. For corn, it must be produced with no-till, cover crops and enhanced efficiency fertilizer. This is an unrealistic high bar that has the airlines industry concerned that it will yield little to no SAF. We want to be part of the solution, so we are actively engaged with the US Department

of Agriculture to broaden this restrictive requirement, and to allow more options in farming practices without the one-size fits all mandate. If corn can qualify as a feedstock for SAF that will be a game changer for corn producers. I believe the SAF market is a once in a career opportunity for the corn markets.

And finally, let me say very strongly, that one of our organization's top values is the protection of private property rights. Without getting into the details of this particular project, we are pleased that eminent domain has not been used in North Dakota thus far.

In closing, I'll relay to you that our Board met this week and unanimously agreed on the following statement:

"NDCGA supports opportunities for current and future market development of North Dakota value-added corn products. Because it is becoming increasingly evident that to be able to market to existing and growing markets, our state ethanol plants must significantly reduce the carbon intensity of the ethanol produced to sell into low-carbon fuel markets. We support the state's ethanol plants business decisions to develop their own carbon pipelines when feasible, or their ability to partner on a joint carbon pipeline to lower its carbon intensity score. It is also imperative that the processes used to complete these projects show respect for landowners' property rights, including land infrastructure reclamation and continued stewardship. We believe eminent domain, while sometimes necessary, should only be used as the law allows, as a tool of last resort. Therefore, we support carbon capture, transportation technology and sequestration that increases the profitability and financial sustainability of North Dakota corn producers."

Thank you for your time today and thoughtful consideration of this important matter. I can try to answer any questions you may have. Thanks.

May 24, 2024

North Dakota Public Service Commission
Case No. PU-22-391
SCS Carbon Transport LLC
Midwest Carbon Express CO2 Pipeline Project

Good morning, Commissioners,

I'm Jared Hagert. I serve the citizens of District 20 in the North Dakota House of Representatives. In addition to serving in the legislature, I'm also a fourth-generation farmer. My great grandfather started our family's farm near Emerado, North Dakota in 1905, and I began my farming career in 1995 while a sophomore at North Dakota State University. I also run a certified seed conditioning business where most of our soybeans and wheat are processed for resale to retailers and other farmers.

I've also spent nearly 20 years representing ND soybean farmers on state and national boards, with my focus on expanding markets both domestically and internationally for soybeans and soy products. In 2016, for instance, I chaired the United Soybean Board, an organization representing 500,000 U.S. producers. Under my chairmanship, the Board focused on sustainability because of end user demand.

As a farmer, ag-business owner, and industry advocate, I know first-hand that in order to survive and thrive, we must produce what our customers demand. And right now, our customers and the markets demand sustainable fuels and low-emission energy. We must take advantage of these markets for the prosperity and continued growth of North Dakota's agriculture, oil, and coal industries. Summit's pipeline provides a lifeline for each of these industries:

Ethanol & Corn – This pipeline will enable our ethanol to be decarbonized to access greater low-carbon fuels markets, like the sustainable aviation fuel market, paying a premium to the plants and the corn farmers that supply the feedstock. The future success of U.S. agriculture is linked directly to the competitiveness of renewable fuels. Federal incentives and lower carbon intensity scores allow ethanol plants to pay a higher premium for the corn in their area, which translates into a better farm economy for our ND farmers.

Oil – Through enhanced oil recovery, we have the potential to double the output of the Bakken to date, which will have tremendously positive impacts on the economy of ND and the state's budget—as long as large-scale CO2 can be transported from sources in central ND to reservoirs in western ND. At the Williston Basin Petroleum Conference last week, longtime oil and gas regulator Lynn Helms stated, "CO2

pipelines will be what are needed to keep the Bakken strong in the long-term beyond the late 2030s."

Coal – By capturing and sequestering carbon emissions, the coal industry can extend the life of its mines and power plants, opening up new economic opportunities and ensuring the continued production of baseload power for decades to come. This is especially important as the federal EPA continues to intensify their regulatory pressure on the lignite industry all while the electricity demand continues to surge.

Beyond bolstering the agriculture, oil, and coal industries, this infrastructure project will provide benefits to all the communities it touches. As Chairman of the Interim Taxation Committee and Vice Chair of the House Finance and Taxation Committee, I've studied how large-scale infrastructure projects benefit communities. The tax collections generated from infrastructure occur at the local level and are kept almost entirely by the respective political subdivisions, including cities and counties, proportionate to the value of facilities within their area of jurisdiction. Because the project footprint touches 9 counties, residents throughout North Dakota will directly benefit from this project.

As such, I respectfully request that the Public Service Commission approves Summit's project as it is critical step in unlockin' the Bakken and the future of North Dakota.

Thank you,

Jared Hagert