

# 2024 POLICY GUIDES

## Sustainable Aviation Fuel (SAF)

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### Issue

Feedstock based Jet-A fuel to use in commercial aviation has been developed and is gaining traction. Based on this, many government programs are being implemented around it. We wish for direction on the issue.

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### Background

The global warming movement has pushed many pieces of our economy toward eliminating fossil fuel sources, including in the aviation industry. As part of this, alternative sources of creating Jet-A have been incentivized by both state and the federal governments. This has spurred the creation of numerous processes that create what is considered Sustainable Aviation Fuel (SAF). The most common forms currently being pursued work by converting agricultural feedstocks to SAF.

If using soybeans as feedstock, the process is similar to renewable diesel, using a scientific process called hydrotreating. In comparison, using corn as a feedstock begins by creating ethanol, and then converting it to SAF, a process also used with many other ethanol feedstocks.

As of now, there has only been one SAF plant built, and it chose to use the ethanol to SAF process. However, they are currently importing sugar cane from Brazil as their original feedstock for ethanol. Sugar cane averages an output of 330 gallons of SAF per acre, while current Nebraska corn yield averages 315 gallons of SAF per acre, and Nebraska soybeans average around 77.5 gallons of SAF per acre. The means significantly less SAF potential per acre when using soybeans.

The federal government has been drawn to the idea of SAF and has begun incentivizing production. To qualify, the producers must meet the requirements of the Greenhouse Gases, Regulated Emissions, and Energy use in Technologies (GREET) model, which is continuously seeing modifications and varies slightly between programs. In 2022, as part of the Inflation Reduction Act, Congress developed a series of tax credits aimed at incentivizing and boosting the production of new biofuels including SAF. One particular tax credit, known as 40B, focuses specifically on SAF. The credit applies to SAF sold from 2023 through 2024. The 45Z tax credit, which is not limited to only SAF, begins in 2025 and will run through 2027 unless extended.

For the 40B GREET model, the IRS released requirements that producers use three practices: (1) no till farming, (2) planting cover crops, and (3) using enhanced efficiency nitrogen fertilizer, though only the first two are required for soybeans with all three required for corn. These types of requirements are expected to bleed into the 45Z GREET model.

Based on the attention given to this space, NEFB chose to work with the University of Nebraska-Lincoln to develop a model that improves on the GREET framework, and the model is in beta stages.

The USDA recently requested information about potential ways to improve a carbon intensity model, and NEFB submitted comments alongside UNL, urging them to consider this model as an alternative to the GREET model.

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## Farm Bureau Policy

### STATE POLICY:

**ALTERNATIVE ENERGY (2023).** The state and federal governments, and the Nebraska Farm Bureau should work to develop and use alternative sources of energy, including ethanol, soy diesel, hydrogen, wind, hydropower, solar, methane, low pressure steam, and nuclear to supplement the present supply of petroleum.

**RENEWABLE FUELS (2023).** Nebraska Farm Bureau strongly supports efforts and programs to increase and promote the use of ethanol and biodiesel throughout Nebraska. ... Any program funded for the development of renewable energy from biomass should include biomass from farms as a beneficiary regardless of use. We support grants, incentives, tax exemptions, or other similar means to encourage wholesalers and retailers to sell ethanol at an appropriately reduced price. We support incentives to ethanol plants to develop means for selling and loading out of denatured ethanol to private users or retail locations to allow them to blend it themselves, thus bypassing the wholesale blender and allowing the retailer the option of taking any or none of the blending incentives. ... We support the establishment of a Nebraska Renewable Fuels Standard. ...

We believe Nebraska should continue to support renewable fuels production and develop programs to maintain and grow a viable industry into the future. In the event the Nebraska Advantage Act is unable to meet the needs of the industry or keep Nebraska competitive with other major renewable fuels producing states, the state should develop additional programs to assure Nebraska remains competitive in renewable fuels production. All renewable fuels should be treated equitably in any incentive program. Production incentives should be available to small as well as large producers of renewable fuels. ...

NEFB supports the standards currently established for usage of biofuel and expanding the availability of biofuels.

### FEDERAL POLICY:

#404 Renewable Fuels Pg. 163-165

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## Questions

- Should NEFB have a policy favoring specific feedstocks based on SAF production capability?
- Should NEFB support only allowing domestically produced SAF feedstocks being eligible for state and federal tax incentives?
- Should NEFB push for changes to the model used for tax incentives?
- Given that few SAF plants exist, should we support extending the 45Z tax credit?