



March 26, 2026

The Honorable Steve Stadelman  
Chairman, Senate Energy and Public Utilities Committee  
Illinois State Capitol  
401 S. 2nd Street  
Springfield, IL 62706  
*For Electronic Submission*

**RE: Illinois Senate Bill 41, Legislation to Establish a Clean Transportation Standard**

Dear Chairman and Fellow Committee Members,

On behalf of the biogas industry, the undersigned organizations respectfully submit this letter to express significant concern over the climate-smart agriculture (CSA) credit provisions currently included in Senate Bill 41 (SB 41) as part of its clean fuel standard (CFS) program. While our organizations support CSA credits for farmers whose crops are tethered to the feedstock amount used for biofuels production, we oppose untethered credits for farmers simply because they adopt CSA practices to cultivate their lands. Doing so would likely result in credit devaluation, increased diesel usage, economic uncertainty for conventional and biofuel producers alike, and minimal air quality improvements for overburdened communities.

Our organizations and members have been closely engaged with policymakers in support of establishing a CFS in IL, and participated in the legislative working group, facilitated by the Great Plains Institute (GPI), to outline important considerations for developing the program. Critically, GPI's work group report acknowledged strong stakeholder opposition to including untethered CSA credits as part of a CFS credit market. In this letter, we seek to provide underlying rationale behind the opposition noted in GPI's report.

**Key Concerns**

- **Credit Devaluation:** Untethered CSA credits would increase the overall annual credit supply by approximately 1 million credits thereby devaluing the sole policy support for clean fuel production and adoption by roughly 60%.
- **Increased Conventional Fuel Usage:** Credit devaluation would result in significantly less investment and adoption of clean fuels, resulting in the state falling short of achieving the program's intended carbon intensity reduction target by an estimated 25%. For example, such devaluation would result in an additional 200 million gallons of diesel being used per year.
- **Creates Economic Uncertainty in the Fuels Market:** A ratchet mechanism is used by other state CFS programs as a backstop to stabilize the credit market when

unforeseen credit and debit imbalances occur. By including untethered CSA credits as part of the CFS program, the mechanism would falsely treat the deliberate influx of credits as an imbalance to the credit market, thereby resulting in price volatility.

- Deprives Overburdened Communities of Equal Air Quality Benefits: Because CSA practices occur in rural areas and would be expected to lower alternative fuel use in urban areas, environmental improvements in overburdened communities would be significantly diminished or receive little to no benefit. Coupled with missed targets and slow adoption of clean fuels resulting from the inclusion of untethered CSA credits, urban residential areas would be deprived of significant air quality improvements which could otherwise be achieved.

## **Comments**

CFS credits provide revenue that serves as a critical funding stream to spur investments in reducing air and climate pollution from the transportation sector and offset production costs that would otherwise impede clean fuel adoption. For this reason, credits provided for climate smart agricultural practices must be linked, either directly or indirectly, to the creation of clean fuel production volumes as credit pricing should be primarily driven by clean fuel production economics and the decarbonization goals of the program. Significantly, no other established clean fuel standard program permits non-transportation fuel related climate smart agriculture crediting.

Modeled data indicates that introducing non-transportation fuel CSA credits would negatively impact fuel producers who rely on incentives to remain competitive with conventional gasoline and diesel fuels. With less electrification and biofuel adoption displacing conventional fuel use, Illinois would be unable to attain its 10-year emissions reduction goals thus depriving urban areas, which suffer disproportionately from heavy truck traffic emissions, of cleaner air.

To compensate for these new types of credits, a ratchet mechanism has been included in the legislation. While a ratchet mechanism is a helpful tool used in other state CFS programs to act as a backstop and stabilize the credit market for unforeseen credit and debit imbalances, under SB 41 the ratchet mechanism will likely function differently, thereby creating a high-risk environment for clean fuel production investment as well as an unnecessary burden for gasoline and diesel providers when budgeting annual compliance costs.

For example, the deliberate influx of non-transportation fuel related CSA credits would likely be treated as an imbalance to the credit market by the ratchet mechanism. Complicating this further is the numerous external factors that can impact a single growing season and resulting crop yields, thereby resulting in price volatility. Similarly, the number of non-transportation fuel-related CSA credits that could be generated is unpredictable given the numerous factors that impact a single growing season and resulting crop yields.

Given that Illinois fuel markets have a statewide economic impact, the added complexities and untested modifications to Clean Fuel Standard policy proposed by SB 41 requires extensive modeling and analysis to fully understand the true implications and outcomes of what is being proposed. Given the economic complexities and the innovations sought, extensive modeling is needed to understand the true implications of what is being proposed.

## **Conclusion**

We remain supportive of IL legislators pursuing a CFS program, recognizing that it would deliver significant economic and environmental benefits as witnessed in other states with similar programs. However, CSA practices and their emission benefits should be reflected in the full lifecycle analysis of fuels in the program and align with federal tax policies such as the forthcoming Clean Fuels Production Credit. By requiring CSA credits to be linked to clean fuel production, Illinois can attain similar benefits, while also providing an additional revenue stream for farmers; however, inclusion of non-transportation fuel related CSA credits calls into question all the foregoing benefits.

Thank you for this opportunity to provide our insights and for your consideration of these concerns.

Sincerely,

Heather Dziedzic  
Vice President of Policy  
American Biogas Council

Yanni Psareas  
Manager of State Government Affairs  
Renewable Natural Gas Coalition

Daniel Gage  
President  
The Transport Project