

Testimony of Jason Weller

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Before the Senate Agriculture Appropriations Subcommittee

April 29, 2021

Chairwoman Baldwin, Ranking Member Hoeven and Distinguished Members of the Subcommittee, I am Jason Weller, President of Truterra, LLC, the sustainability business at Land O'Lakes, Inc., one of the nation's largest farmer-owned cooperatives, and former Chief of the Natural Resources Conservation Service (NRCS) at USDA. With a cooperative footprint in more than 10,000 rural communities, I appreciate the invitation to speak about rural vitality and the opportunities for farmers to diversify on-farm income by capitalizing on and profiting from emerging markets.

As a farmer- and ag retailer-owned cooperative with deep roots across the countryside, rural vitality is an important topic to Land O'Lakes. We see the opportunity: when we invest in rural America, every American benefits. Rural communities are key to our food security – the communities where our members work and where they call home. If we want to begin to address the socio-political, economic, and environmental challenges our country is facing, we need to carefully consider how we collectively – public and private institutions – create opportunities to improve the quality of life and economic opportunities in both urban and rural America. As a farmer-owned cooperative, Land O'Lakes is keenly interested in partnering with Federal and State officials to create innovative solutions for farmers and rural communities. Land O'Lakes is focusing on these economic, quality of life, and environmental challenges by focusing on:

- Connecting Rural America with the 21st Century's superhighway, the internet, to improve the quality of life of our farmer members and the communities where they live. But its more than just connectivity. Increased bandwidth unlocks value-added agriculture and allows farmers to access new tools and capabilities increase food production while minimizing environmental impact.
- Innovating sustainability solutions to improve both farmer profitability and environmental quality, such as reducing GHG emissions, drawing down carbon from the atmosphere, and protecting water quality.
- Building public-private partnerships at the Federal and State levels to leverage the expertise and ingenuity of our farmer network and science, and the resources of public agencies.

Broadband as economic infrastructure

Increasingly, the key to rural vitality is the ability to tap into technology and innovation. Bringing broadband access to rural communities is absolutely critical to the success of these communities. Rural America cannot compete on a global scale without this access. The COVID-19 pandemic brought the digital divide to the forefront, as we all now heavily rely on high-speed internet for critical facets of everyday life from healthcare to education, to working to entertainment. We can't leave these communities behind, and broadband must be seen as essential infrastructure, similar to roads and bridges.

Broadband is also critical to the expansion and success of improving on-farm sustainability and profitability of farmers. The accessibility and utilization of next-generation technology, supported by strong broadband connectivity is key to this success. This connectivity is essential, and currently lagging far behind. According to Federal Communications Commission estimates, more than 14 million Americans lack internet connectivity. By some estimates, the number of Americans without access to high-speed internet is even higher than FCC projections – experts believe the number could be twice as high. To address the connectivity gap in the near-term, Land O'Lakes, our agriculture retail-owner network and other organizations, have come together to provide free Wi-Fi access points at over 3,000 locations in 49 states to help our neighbors connect to telehealth, remote learning and other critical services during this pandemic. However, this is a short-term solution for a long-term problem.

Through our American Connection Project, Land O'Lakes along with more than 150 other partners, is advocating for internet access for all Americans. The success of America's rural communities is inextricably linked to the security and prosperity of our country as a whole, and a robust federal investment is imperative to help close the divide. As a coalition, we have been advocating for at least \$80 billion to connect everyone across the country, and only the federal government can make this consequential investment. We must also fix the federal broadband maps, which are relied upon to dole out these scarce government resources. And finally, we need to ensure coordination between government agencies as they deploy public dollars to build these essential high-speed networks.

In addition to our advocacy work with state and federal legislators, we recognize as a Coalition that direct support to communities is needed to unlock opportunities around internet connectivity and to close the digital divide. That's why we're excited about the launch of the American Connection Corps (ACC). ACC, launched on April 27th, 2021, is an effort to connect 50 young fellows in 12 states to their hometowns for a two-year pilot project through Lead for America's proven Homecomers model. During their two years as ACC Fellows, this new generation of community leaders will work to increase digital access and inclusion in their communities by coordinating local partners to access federal and state resources for broadband access or delivering digital literacy to marginalized members of the community. Over the next several years, we hope this program will both grow significantly and provide important insights that could inform policymakers at both the state and federal levels. The goal is to create a scalable, successful model for economic development – demonstrating one more way to make an impact in communities critical to our success as a nation.

At Land O'Lakes, we are building and executing a strategy based in precision agriculture and conservation. We know that the only way to protect water quality, sequester carbon, reduce GHG emissions and maximize farmer profitability will be through precision conservation solutions, fueled by technology. None of these advancements are possible without broadband.

Connectivity at the farm gate allows farmers to connect equipment to GPS, ensuring that their machinery is using the most efficient routes to optimize seeding and crop input applications. Connectivity enables usage of drones to scout crops and more effectively identify pest and disease outbreaks, variable rate application to reduce input use, and helps farmers connect with Farm Management Information Systems to improve the in-season management of their irrigation water and fertilizer applications. A 2019 USDA report found that 40 percent less fuel is used due to variable rate technologies, 20 to 50 percent less water is used due to precision agriculture and an 80 percent reduction in chemical application. When it comes to environmental improvements in agriculture and connectivity, they must go hand-in-hand.

Land O'Lakes, Truterra and TruCarbon: A Farmer-Focused, Private Sector Approach

Land O'Lakes and Truterra are focused on helping farmers identify and adopt farm stewardship practices that improve their economic and environmental sustainability. This in turn helps our farmers both become more profitable individually while also competing in a marketplace that places a greater premium on sustainably grown products.

Truterra is built on the idea that farmer return on investment can generate environmental return on investment. With access to conservation expertise and the latest tools and technology, farmers can make decisions about managing their land, acre-by-acre, such as adopting minimum or no-till practices, optimizing fertilizer management, or planting cover crops, that can both maximize yields and profitability and expand stewardship.

There is a growing mainstream enthusiasm for, and embrace of, the major role that farmers and ranchers can play in mitigating and offsetting the impacts of climate change, as evidenced by the number of carbon credit-focused offerings that have launched in the past 12 to 18 months. And, we are seeing more and more disruption, volatility and demand change in traditional commodities markets, which is putting more pressure on farmers and making it tougher for them to stay in business and plan from year to year. Meanwhile, public companies are increasingly being evaluated not only on strong financial performance but on environmental, social and governance (ESG) factors.

Taken together, these factors are driving interest across the board in a new class of environmental commodities, rooted on the farm. Farmers have always responded to market demands. They will produce what the market seeks, if they can do so while remaining economically viable. As a member-owned cooperative, our challenge is to help enable farmers' role as carbon removers in the same manner we help enable them to feed, clothe and fuel our society. That is why we have been quietly building and executing a strategy based in precision agriculture and conservation since the launch of the Truterra business in 2018.

One example of how we are partnering with agriculture retailers and leveraging technology to improve profitability and stewardship is through one of our new projects in Iowa. In Dubuque County, Iowa, Truterra is working with the Dubuque Soil & Water Conservation District and one of our ag retailer partners, Innovative Ag Services, on a first-of-its-kind, pay-for-performance program. This partnership supports farmers with adopting more sustainable farming practices that can improve soil health and water quality by strategically installing new conservation in fields where farmers can make the biggest positive water quality impact. The program then financially rewards producers for measurable improvements. This is the future of agricultural conservation – one that shows agronomic and profitability benefits for producers with precision adoption of new practices, delivered through public and private partners.

TruCarbon

Earlier this year, Land O’Lakes announced what was a natural offshoot of our sustainability business with the launch of TruCarbon. TruCarbon represents the first and only farmer-owned carbon program in the U.S. TruCarbon offers buyers carbon credits that are created using leading soil and conservation science, and precision data and verification methods. TruCarbon also maximizes the value and return for farmers with premium carbon credit value.

TruCarbon provides farmers new opportunities to be recognized and financially rewarded for their stewardship, creating new revenue opportunities for farm families as they adopt soil health practices and increasing the focus on carbon storage in crop fields. It’s through innovative approaches such as this that our farmer cooperative system can help ensure that farmers’ businesses are profitable, our rural communities are resilient, and the land, air and water are healthy for future generations.

TruCarbon launched with Microsoft as its first secured buyer to purchase carbon in 2021. For this initial launch, participating farmers receive \$20 per ton of carbon with payments this summer for this first tranche of credits. Qualifying farmers may be compensated for carbon sequestration retroactively up to five years based on the soil health practices they adopted in prior growing seasons. For maximum farmer convenience, Truterra will handle soil testing and other activities designed to ensure maximum credit quality and value.

For Land O’Lakes, TruCarbon and our Truterra business unit are part of a long-term strategy to mitigate against several risk factors that have the potential to severely disrupt the strength and viability of agriculture and agriculture businesses. This builds on efforts underway across Land O’Lakes to support and position our member-owners, farmers and ag retailers for success in this operating environment, future-proofing their businesses – and ours – while respecting their independence, privacy and their ability to make a living.

Land O’Lakes and CalBio Collaboration

In 2018, Land O’Lakes, Inc. and California Bioenergy LLC (CalBio) launched a first-of-its-kind collaboration to support the financing, installation and management of on-farm methane digesters to generate renewable compressed natural gas (“R-CNG”) fuel in California – creating

an innovative farmer-led model for “barn to biogas” that can shape nationwide solutions to agricultural methane emissions reduction and unlock new revenue streams for dairy farmers.

Manure storage on dairy farms result in the release of methane, a highly potent greenhouse gas. This collaboration brings technology, operational experience and capital to help dairy farmers build digesters and methane capture projects to convert this methane to a beneficial use as renewable natural gas (RNG). As one of the nation’s largest agricultural cooperatives, Land O’Lakes is uniquely positioned to tap into the potential power of California dairy farmers to generate renewable energy from farm waste. CalBio provides the expertise needed to develop, execute and manage on-farm methane digesters, as well as market R-CNG credits in California, in a manner that is cost effective for farmers. This partnership with CalBio also allows Land O’Lakes dairy member-owners in California to meet new state standards that call for a 40 percent reduction in dairy and livestock manure-related methane emissions from 2013 levels by 2030.

In December 2018, the State of California provided a grant totaling more than \$90 million to help expand interconnection pipeline needed for the project. The dairy biomethane projects are designed to send dairy biogas to a centralized processing facility where it will be upgraded to RNG and injected into the local gas utility’s pipeline. The RNG is then marketed as an alternative fuel for heavy-duty trucks, buses, and eventually off-road and farm equipment.

Combined the 10 digesters in the Land O’Lakes-CalBio partnership will eliminate over 1.8 million metric tons of CO2 equivalents over ten years. That’s equivalent to the GHG emission of approximately 39K passenger vehicles per year. This partnership also provides on-farm income diversification for our members. Based on partnership type, our dairy members could see anywhere from \$50-150/cow/year based on credit sales and investments in the projects once they are fully online.

This is just one example of how innovative public/private partnerships can bring producers additional revenue, help them meet new regulatory standards, and reduce greenhouse gases.

Conclusion

Most U.S. farm households are unable to rely on farm income alone, turning what was once a proud way of life into a rushed part-time job. In 2018, 82% of U.S. farm household income came from off-farm work up from 53% in 1960, according to the U.S. Department of Agriculture. We must find ways to diversify farm income in new and innovative ways. We owe the men and women who are putting food on our tables at least this much for their efforts.