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Illinois Senate Revenue Committee
Re: **Written Testimony on SB 3131**

Dear Members of the Illinois Senate Revenue Committee:

bp is investing in America's energy system as we transition from an international oil company to an integrated energy company. With \$150 billion invested in the US since 2005, we employ more than 30,000 people - 3,300 in Illinois - and support more than 300,000 jobs. We have a bigger footprint here than anywhere else in the world, and we're proud to be a trusted partner for secure, affordable and reliable energy.

We're transforming bp so we can deliver the secure, affordable, lower carbon energy the world increasingly wants and needs. We aim to reduce carbon in our operations and in our production, and grow new low carbon businesses, products and services, like biofuels.

bp supports widespread deployment of well-designed policies to advance a low carbon transportation marketplace. While we support the intent of SB3131 to advance the use of renewable diesel in rail transportation, we believe a more consequential opportunity to attract low carbon fuel usage in Illinois exists through a Clean Transportation Standard.

SB3131, as drafted, has limitations on renewable diesel production to qualify for the tax credit, constraining economic opportunities to deliver low carbon locomotive fuel to railroads in Illinois. For example, the bill both limits production to Illinois and prohibits renewable diesel co-processing (that could be deployed at existing Midwest refinery facilities). This is further challenged by both the materiality of the tax incentive and that there currently is no renewable diesel production originating within Illinois. Given the capital investment and construction lead time to produce renewable diesel, it is unlikely the intent of SB3131 would be realized in its current form.

Implementing a Clean Transportation Standard (CTS), such as SB1556, could realize the same opportunities as intended by SB3131 by creating a marketplace to incentivize the lowest carbon fuel across the whole transportation sector. Adopting a CTS that categorizes low carbon locomotive fuel as an opt-in fuel under the program can further the rail industry's decarbonization efforts.

We appreciate the opportunity to comment as Illinois examines opportunities to decarbonize the transportation sector.

Sincerely,

Katie Stonewater
bp America