**2023 “The ACE” American Coalition for Ethanol Conference**

**“Everything Counts”**

**Remarks of Brian Jennings, CEO**

**Minneapolis, Minnesota**
**August 24, 2023**

Thank you, Dave, for your remarks and leadership as President of the ACE Board of Directors, and good morning to ACE members and friends.

Let me echo Dave in emphasizing the importance of advocacy, the importance of standing up and speaking out for ethanol, it cannot be overstated. I can attest to the fact that he, and his wife Shirley, do not shy away from doing their part, whether they are hosting presidential candidates in their Iowa home, or, meeting with Members of Congress during the ACE fly-in, they are active and engaged.

Fortunately, they are not alone. As I scan this room, many of you have joined us in DC each and every year to help put a human face on ethanol. In fact, over the history of our fly-in, ACE members have had nearly 1500 meetings with Members of Congress and their staff, pressing them on our priority issues.

Some of those top issues, such as market access for E15, the Next Generation Fuels Act, proper implementation of the RFS, and fighting to ensure new climate policies help farmers and ethanol producers, instead of hurt them – remain vital as we gather today.

The motivation behind our advocacy isn’t complicated: we want to expand ethanol use. We need to expand ethanol use! With that in mind, let’s take inventory on some of these efforts, starting with E15 year-round.

E15 year-round

Contrary to what some want us to believe, pain at the pump is not a thing of the past. Indeed, national average gas prices have been creeping back to levels reached last August.

During last year’s record high prices, E15 saved drivers 15 cents per gallon on average compared to regular, and the discount approached 70 to 80 cents per gallon, and even close to $1 per gallon, in some parts of the country. Attractive blending economics remain today, and we are grateful EPA issued temporary waivers this summer, identical to action taken last year, to capitalize on E15’s ability to reduce prices.

Nevertheless, we cannot continue to rely on emergency steps to secure uninterrupted market access for E15. That’s why, in the spirit of our conference theme “Everything Counts,” Midwest governors took matters into their own hands with a new approach. The governors employed a section of the Clean Air Act to document how E15 would cut emissions in their states during summer months, and, way back in 2022, they petitioned EPA to remove the outdated RVP roadblock to E15 year-round.

That specific section of the Clean Air Act requires a response by EPA within 90 days, but the Agency didn't get around to proposing to remove the RVP roadblock until this Spring. What's more, EPA proposed to postpone year-round E15 use in those states to 2024. In other words, what should have been a straightforward undertaking to allow retailers in Midwest states to permanently sell E15, has turned into a sixteen-month odyssey.

This foot-dragging has led the Attorneys General for two of the states – Iowa and Nebraska – to file a lawsuit earlier this month compelling the Agency to act. We applaud their proactive leadership, but it shouldn't come to this. States should not have to resort to suing EPA to do its job.

At the risk of repeating myself, ultimately, the only bulletproof approach to permanent and nationwide E15 availability is through Congress. To this end, bipartisan bills are making progress in the Senate and House, and we expect activity around E15 legislation to speed up following the August recess. Be assured ACE is working alongside our champions in Congress to identify ways to get a bill over the finish line this year.

<u>Renewable Fuel Standard (RFS)</u>
Whether it is E15, E85, or some blend in-between, if EPA follows the law, the Renewable Fuel Standard (RFS) can be a powerful tool for increasing ethanol demand. We have entered a new phase for the RFS, where EPA has even more discretion to set future blending levels. Earlier this year, the Agency used this new authority to set volumes for three years at a time – 2023 through 2025 – an improvement to the annual rulemakings of the past.

But as someone who worked in the U.S. Senate as the RFS was being developed, I argue EPA continues to fundamentally misunderstand the profound importance of the program. The RFS was enacted because Congress had refiners figured out. Congress knew that, left to their own devices, refiners would not supply the market with low-cost, low-carbon renewable fuels to displace the petroleum products they make. Congress intended for the RFS to be transformational, to disrupt the status-quo grip refiners had on the marketplace and provide consumer access to cleaner and lower cost fuels.

EPA had an opportunity to use this new phase of the program and "Set" rulemaking, to unleash the RFS to be transformational. The Agency's proposal for implied conventional biofuels was a great start, as EPA proposed 15.25 billion gallons for 2024 and 2025, winning strong praise from ACE as those volumes would help expand blending of E15 and E85. But during the comment period, refiners argued the market was not ready for more ethanol, and EPA's final rule reduced the volume obligations for 2024 and 2025 to 15 billion gallons, and set underwhelming totals for biomass-based biodiesel, steps which not only slow progress toward the Administration's climate goals, but also enable excess biodiesel production to spill into the D6 pool of the RFS, and potentially displace physical blending of E15 and E85.

The lessons? We must remain a vigilant watchdog over EPA implementation of the RFS, but, we must do much more, beyond the RFS, to increase ethanol demand well into the future.

Historically, we have increased demand by leveraging the public policy benefits ethanol offers, attributes such as being a domestically-produced, renewable, high-octane, and low-cost fuel, or, how ethanol helps boost farm income and spurs economic development in rural America, just to name a few.

## Ethanol Is Part of the Solution to Curb Carbon Pollution

These attributes will always be important, but we need to lean into ethanol's clean and low carbon benefits as well, to prove farmers and ethanol producers are part of the climate solution. Many of you have already taken significant strides in this direction. Think about the investments you have made, or are preparing to make, to diversify your operations and position yourselves as a low carbon producer:

- Innovations and equipment designed to reduce energy use, and reuse/recycle essential and sometimes costly inputs

- Technology to produce cellulosic gallons or feedstocks for other low carbon fuels, and installation of renewable power

- Investments to capture and permanently sequester fermentation $CO_2$ or, in some cases, to utilize the $CO_2$ coming off your plants to help propel other low carbon technologies, and of course,

- Plans for sustainable aviation fuel or to work with farmers to deliver lower carbon corn to your facilities

The common thread for this investment activity is appreciation for the fact that everything indeed counts, from how the bushels of corn are produced, to the BTUs powering your facility, counting carbon is the name of the game.

ACE is here to help farmers and ethanol producers maximize their investments in the carbon space. We are getting dirt under our fingernails, helping farmers adopt practices such as conservation tillage, 4R nutrient management, and cover crops to reduce the carbon intensity of the corn they deliver to your plants. We have created calculators at www.ethanol.org to do the math on what your technology investments and climate-smart farming practices are worth, whether through existing clean fuel markets like those on the West Coast or Canada, or, via new incentives, like the 45Z clean fuel production tax credit enacted by Congress last year. We're collaborating with scientists to properly monitor and measure the GHG benefits resulting from climate-smart ag practices, so the data is irrefutable, and sufficiently robust to convince the lifecycle modelers and market regulators that farmers and ethanol plants need to receive valuable carbon credits. We plan on building a non-proprietary tool for farmers and ethanol producers to use to quantify and verify how many carbon credits certain farming practices, on certain soil types, in certain counties should receive.

The value of this activity? Market and policy support for the low carbon benefits you deliver each and every day, and, premiums paid for cleaner gallons of ethanol sold in the future. In short; demand is going to hinge on driving down our carbon score. Everything is going to count. ACE is here to help.

Thank you