



2024 American Coalition for Ethanol Conference

“The Gold Standard”

Remarks of Brian Jennings, CEO

Omaha, Nebraska

August 15, 2024

Thank you very much Dave, for your remarks, and more importantly, thank you for the tremendous leadership, support, and enthusiasm you bring to your role as Chair of the ACE Board of Directors.

Let me echo Dave in welcoming all of you to our conference, whether you are a newcomer or an old hand we are grateful you are here, and we hope you enjoy the opportunity to connect and collaborate.

Before I highlight the progress ACE is making to ensure corn ethanol is the gold-standard clean fuel of the future, we have old business to tackle on E15 and the Renewable Fuel Standard (RFS).

E15 Year-Round

With respect to E15, at long last, thanks to the incredible grassroots leadership of many people in this room, year-round access is a reality for eight Midwest states, including Nebraska.¹

The opt-outs from key Corn Belt governors, combined with summertime waivers for conventional gasoline areas (the third consecutive year EPA has granted these emergency waivers), should help set the stage for coast-to-coast availability.

While we encourage other states to consider opt-outs of their own, ultimately, Congress needs to ensure permanent nationwide access to E15. There are a finite number of legislative days on the congressional calendar, but ACE is working alongside our champions in Congress and we are optimistic about getting a bill over the finish line by the end of this year.

Renewable Fuel Standard (RFS)

So, what about the RFS? After years of mismanagement, under both Democratic and Republican administrations, for the most part, the program has been on track. There is less day-to-day conflict with refiners and EPA over annual volumes because blending targets are in place through 2025.

But skirmishes with refiners continue, I can assure you, they have simply shifted to the courtroom. Late last month, the D.C. Circuit Court decided to send the small refinery exemptions (SREs) denied by the Biden EPA back to the Agency for further review.

¹ Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota, and Wisconsin.

The court is essentially requiring EPA to reassess every denial based on each refinery's unique circumstances. This a reminder our defense of the RFS is never-ending.

So, we will remain vigilant to protect the integrity of the RFS, and, engage a new administration in 2025 to set volumes for 2026 and beyond.

Making Corn Ethanol the Undisputed Gold-Standard Clean Fuel of the Future

Speaking of the future, the inescapable reality is elected officials at global, national, and state levels are standing up new policies to decarbonize various economic sectors.

For our industry, this means use of high carbon fuels will fade and demand for low carbon fuels should increase. While elections can, and will, have consequences for these policies, perhaps even slowing their momentum, make no mistake, the decarbonization momentum will not be stopped.

To future-proof our industry, steps must be taken to reduce greenhouse gas (GHG) emissions.

That's precisely what ethanol producers have been doing; innovating, optimizing, and becoming more efficient. During this time, ACE has tackled the other half of the carbon intensity equation; how ethanol companies can *further* reduce their GHG emissions based on farming practices.

Our goal; to make corn ethanol the undisputed, gold-standard, clean fuel of the future.

Agriculture is part of ACE's DNA, so we are in a unique position to set the standard, which is why the United States Department of Agriculture (USDA) has entrusted us to lead an effort ultimately designed to help ethanol producers and farmers unlock new markets and profit opportunities through climate-smart agriculture (CSA).

I'm excited to have USDA Secretary Tom Vilsack provide a keynote later this morning to share more information on our partnership with them, but it started in the fall of 2021, when USDA's Natural Resources Conservation Service (NRCS) awarded funding for ACE to lead a climate-smart ag project through the Regional Conservation Partnership Program (RCPP) in South Dakota. Based on the progress we have made since that time, earlier this year, NRCS invested additional funding for ACE to lead a larger project expanding our activity to a ten-state region.² These initiatives involve many moving pieces, but it boils down to three primary steps.

- First, we are partnering with 13 ethanol companies to incentivize farmer adoption of climate-smart ag practices (conservation tillage, nutrient management, and cover crops)
- Second, soil scientists and the Department of Energy (DoE) will measure the how the practices adopted by farmers reduce GHG emissions from corn production.
- And third, the data we collect will empower ethanol producers and farmers to gain access to new markets and capitalize on federal tax incentives, such as the 45Z Clean Fuel Production Credit.³

² <https://ethanol.org/ace-news/ace-announces-project-to-unlock-ethanols-access-to-new-markets-and-tax-credits>

³ <https://ethanol.org/ace-news/usda-announces-investment-in-effort-to-utilize-climate-smart-practices-to-secure-market-access-to-clean-fuel-markets-for-farmers-and-ethanol-producers>

In the original South Dakota project, we have incentivized farmers to adopt conservation practices on 18,000 acres. For the 10-State initiative, we will be able to fund 100,000 additional acres for climate-smart ag. The sites for this larger RCPP project were deliberately chosen to provide DoE and soil scientists with robust data regarding the GHG benefits of conservation practices in different soil types and climates.

Already, more than 500 farmers have attended meetings we have hosted in seven of the 13 grainsheds, and those farmers have expressed interest in enrolling nearly 250,000 acres in our project, so initial farmer interest is nearly five times available funding!

Despite the deep concern in rural America about corn prices, the farmers who attend our meetings understand how ethanol has benefited them over the years, and they are optimistic about the future opportunity to sell low carbon corn to ethanol producers.

Once farmers have adopted the practices, soil samples and other data will be shared with DoE to pressure test the global-gold standard tool for assessing GHG emissions – the GREET model, which Congress is requiring Treasury to use for non-aviation fuel under the 45Z credit.

The purpose of running our data through GREET is to address the real and perceived ‘information gaps’ which currently prevent farmers and ethanol producers from monetizing conservation practices in regulated fuel markets.

What are these ‘information gaps?’ I will close by giving you a recent example.

Earlier this year, Treasury released guidance for the 40B Sustainable Aviation Fuel (SAF) Tax Credit. While there were positives, including the first-ever explicit recognition by a government body that farming practices have GHG benefits for biofuels, the requirement to bundle three practices (no-till, 4R nitrogen management, and cover crops) on all acres, and, the artificial ten-point limit on the credit value of those bundled practices, was completely unworkable.

Why did Treasury take such a conservative approach to climate-smart agriculture for SAF? Because of the perceived information gaps about the true GHG benefits of no-till, 4R nutrient management, and cover crops in different soil types and climates. The work ACE is doing through our RCPP projects will generate the data to solve for these information gaps. We will produce the data to show the carbon benefits of these practices in every region of the Corn Belt.

How can that information be of value? Well, with respect to the 45Z credit, our work with USDA will justify more flexibility for farmers, such as credits for stand-alone conservation practices, or stacking of practices if desired by farmers, without the bundling requirement. Our work will also justify removing artificial limits on the carbon value of ag practices, so farmers and ethanol companies can maximize opportunities in the market.

Tax credit opportunities are just the start. Ultimately, ACE is focused on helping ethanol companies sell new and valuable products to diversify their profit potential and earn premium prices in regulated fuel markets.

Farmers and ethanol producers are already part of the climate solution, the work ACE is doing will solidify corn ethanol as the gold-standard clean fuel of the future.

Thank you for your attention. Now, please welcome ACE Chief Marketing Officer Ron Lamberty to the stage.