



Remarks of Brian Jennings, CEO
American Coalition for Ethanol

“Rising Up” 2020 Conference (Virtual)

Recorded on September 11, 2020 for Delivery on September 16, 2020
(with updated comments to reflect developments announced on Sept. 12 and 14)

Good afternoon. I am Brian Jennings, CEO of the American Coalition for Ethanol.

Thank you for participating in this year’s admittedly unusual ACE Conference, where we are pleased to team-up with BBI and the Fuel Ethanol Workshop to provide you a wealth of content.

ACE President Duane Kristensen already thanked many sponsors of our event, I want to extend our gratitude to WhiteFox for their sponsorship as well.

I don’t know about you, but it was *unimaginable* to me that 2020 could be worse than last year. Unfortunately, the unimaginable happened. After getting knocked down by an oil price war and global health pandemic, we have dusted ourselves off and gotten back on our feet.

Fortunately, fuel ethanol demand rebounded quickly and new markets for high-grade product have emerged.

But the fact remains that full recovery of the fuel market could be *more than a year away*, and as the virus continues to spread, additional lockdowns lurk.

I am proud many of you donated sanitizers and disinfectants to help your fellow citizens, and I trust you have done things to take COVID off your mind.

For me, that meant finally caving to my family’s demands that we get a dog. Meet Milo. I guess you could call him our “pandemic puppy.” The year has been tough on him as well, Milo’s already made three trips to the ER, so, he is on a first-name basis with the vet. Thankfully, like our industry, he gets back on his feet after getting knocked down.

No matter how much joy Milo brings my family, I get in a bad mood every day I think about how the Administration has *bent over backwards* to accommodate oil companies, while we have had promise after promise collect dust at EPA. A year ago, we were promised a rulemaking to improve the E15 label and streamline barriers to higher ethanol blends. We are still waiting. Three years ago, the DC Circuit Court ordered EPA to restore 500 million gallons illegally waived from the RFS. We are still waiting.

And don’t get me started on Small Refinery Exemptions (SREs). Even if the press reports are true that the President has directed EPA to reject some of the “gap year” waiver requests, let’s be honest, doing so will not constitute a major victory: it is what the law and court precedent require of EPA, and it does not remedy the fact that more than 4 billion gallons of blending obligations have *already* been eroded from statutory levels due to previous SREs.

Indeed, if *every single* box on the ethanol side of this ledger was checked, it would not get us ahead of oil. The playing field would *still* be tilted in their favor.

Commented [BJ1]: Update based on developments since these remarks were recorded on Sept. 11: While the President tweeted on Sat., Sept. 12 that “subject to State approval, E15 could be sold in pumps approved to dispense E10,” we do not have details from EPA on the next steps. Also, while EPA’s Sept. 14 announcement denying some of the Gap Year SREs alludes to the Agency updating E15 labels, we do not have details on that plan. Thus, we are still waiting for the details and rulemaking.

Commented [BJ2]: Update based on developments since these remarks were recorded on Sept. 11: Thankfully EPA announced on Sept. 14 that 54 of the pending Gap Year SRE requests were being rejected. This is indeed welcome news, but it is not a major victory. It is what the law and court precedent require of EPA, and it does not remedy the fact that more than 4 billion gallons have been eroded from previous SREs.



The fact that EPA has hijacked the RFS, taking a program designed to *increase* ethanol use and turning it into one which constrains our market, is one of the reasons ACE has been proactive about new clean fuel policy at the state and federal level, and I'm pleased to report we have made progress.

Earlier this year ACE helped lead a diverse coalition of 30 groups in putting out a blueprint to encourage new clean fuel markets in Midwestern states. As a result, leaders in Minnesota, Indiana, Illinois, Michigan, and Wisconsin have expressed interest in pursuing legislation next year to increase ethanol use in our own back yard through new clean fuel policies.

At the federal level, it is a matter of when, not if, Congress takes up sweeping climate legislation which will impact our industry and agriculture. That's why ACE has been going on offense to make a persuasive case that increasing the use of ethanol *should be part of* the climate solution, and consequently, there is a growing drumbeat in Congress for a new national Low Carbon Fuel Standard on top of the RFS to spur new ethanol demand.

These are extraordinary times.

Merely playing defense on the RFS and hoping trade wars subside does *not* constitute a plan to increase ethanol use.

At some point in the future, we will look back at 2020 knowing it was the year that defeated us, or the year we took control and got ahead.

I hope you join ACE in Rising Up and going on offense to develop these new clean fuel markets to increase ethanol demand.

Now, if you will bear with me, I have a special recognition to make: we were planning to surprise Ron Lamberty and Shannon Gustafson in-person during this year's conference for their incredible service to ACE, but a virtual recognition will have to suffice. This year represents 20 years on the ACE staff for Ron, and Shannon has reached the 15 year mark. Quite simply, there are no two individuals I have depended upon more in my time at ACE than Shannon and Ron. They are wonderful people and tremendous assets to this organization. On behalf of the staff and membership, thank you Ron, and thank you Shannon. We are enormously grateful for your dedication and service.

Finally, as I close, it is my honor to announce that Steve Censky, Deputy Secretary of the U.S. Department of Agriculture, was selected the recipient of this year's Paul Dana Marketing Vision Award for his leadership on the Higher Blends Infrastructure Incentive Program (HBIIIP).

Many of you remember Paul Dana, and that infectious personality and smile. But for those who do not, long before NASCAR used ethanol, Paul united our industry behind his vision to showcase ethanol's power and performance while helping the Indy Racing League reduce its carbon footprint. He tragically died from a crash in 2006 and ACE renamed our Marketing Award in his honor. Thanks again for participating in our conference. Now, please stay tuned for Deputy Secretary Censky.