



**Remarks of Brian Jennings
CEO
American Coalition for Ethanol**

**2021 Conference
Minneapolis, Minnesota**

Accelerating Ethanol Demand

Thanks Dave, and good morning to ACE members and friends. Thank you for joining us in Minneapolis.

Before sharing my thoughts on some of the opportunities and challenges facing our industry, I want to thank Dave Sovereign for stepping up to serve as the President of the ACE Board of Directors. I especially appreciate his positive outlook and contagious enthusiasm for promoting ethanol. Dave, we all look forward to your leadership of ACE.

It is important for me to also recognize Dave's better half, Shirley, with a warm shout-out. Shirley's an equally enthusiastic promoter of ethanol, so they make for a dynamic duo.

If you've been paying attention the last couple years, I hope it is clear the American Coalition for Ethanol is working hard to elevate the low carbon benefits of ethanol.

Dave Sovereign was pivotal role in that strategic decision. I remember exactly what he said. It was back in 2019, leading up to the directive for us to be more proactive about ethanol's low carbon advantages.

Dave said there are three kinds of people; those who watch what happens, those who wonder what happens, and those who make things happen.

I've been with ACE for 17 years and the most rewarding and important work I have done has been in the last couple of years to try to make things happen around ethanol's carbon value....

Have we encountered some roadblocks and detours along the way? If nearly 100 small refinery exemptions (SREs), a global pandemic, back-to-back courtroom losses, and irrational exuberance for electric vehicles qualify, then yeah, I suppose you could say we have. Let's take some of these on, starting with small refinery exemptions.

SREs

At first glance, it may seem like the Supreme Court decision keeps the floodgates open for refinery waivers, but that's not the case. The Supreme Court simply ruled that refineries can seek RFS waivers at any time. That's it.

Justices did *not* make it easier for refiners to get waivers. They did not say EPA must rubber-stamp exemption requests.

In fact, as long as EPA adheres to the other limits the Tenth Circuit placed on small refinery exemptions, limits which makes SREs harder to obtain, the days of runaway refinery waivers should be over. Our collective focus now turns to the Biden EPA to judiciously act on the more than 60 SREs that are currently pending.



A roadblock is looming, unfortunately, when it comes to E15 sales in all parts of the country.

RVP/E15

In June, the DC Circuit Court invalidated EPA's 2019 rulemaking to extend the Reid vapor pressure waiver to E15. Obviously, losing the conventional gasoline market from June to September would significantly undermine ethanol demand.

That's why there is a sense of urgency to pursue all legislative, legal, and regulatory options to save year-round E15 between now and June of 2022.

Later this morning you will hear from Congresswoman Angie Craig who is sponsoring bipartisan legislation to codify E15 sales year-round. We are hopeful that she, and other congressional supporters, can attach this legislation to infrastructure, appropriations, or other any other must-pass bills before next summer.

Fortunately, appeals have already been filed on the DC Circuit's opinion, which could keep E15 on the market while the litigation process plays out.

Finally, we have encouraged the Biden EPA to use regulatory tools at their disposal to support year-round E15 use.

In fact, just last week we sent a letter to the President indicating the quickest way to reduce GHG emissions from the transportation sector is to 1) ensure uninterrupted market access for E15 and 2) set maximum volumes under the RFS.

2021 and 2022 RVOs

Let's face it, decisions by the past two Administrations to side with oil refiners have undermined the RFS and limited the use of low carbon biofuels.

As they ponder what to do about the 2021 and 2022 Renewable Volume Obligations, the Biden administration has a choice to make: follow the law, or help refiners try to escape it.

If this administration is not willing to ensure the RFS will call for 15 billion gallons of low-carbon ethanol, ethanol that is already being produced and able to replace petroleum in the form of E15 and higher blends, legitimate questions will and should be asked about the merits of non-binding goals for less deployable technologies. Yeah, I am talking about electric vehicles.

Getting the RFS back on track, and once again securing year-round market access for E15 is essential, but to significantly increase demand we must accelerate efforts to make ethanol part of the climate solution.

Carbon

Last week the nearly 200 scientists that make up the Intergovernmental Panel on Climate Change (IPCC) released their latest report, warning that we need to immediately and dramatically cut fossil fuel use to avoid the worst effects of climate change.

Even before the IPCC's warning, Congress and President Biden were already laser-focused on how to reach net-zero emissions by 2050.



Some people are concerned this means the end for internal combustion engines and liquid fuels, but ACE is confident ethanol is the *best* low carbon option to replace petroleum and provide meaningful GHG reductions. In other words, we refuse to concede the climate conversation to electric vehicles.

That is why we have been highlighting how climate-smart farming practices, efficiencies at ethanol plants, and the capture and sequestration of biogenic CO₂ from facilities puts ethanol on a trajectory to reach *both* net-zero *and* net-negative emissions, a trajectory that is unique to ethanol.

It is also why we have helped mobilize diverse coalitions, comprised of some environmental groups and electric vehicle advocates, to pursue new technology-neutral clean fuel policies at the state and federal level that will ensure a growing market for low carbon ethanol *even as overall petroleum use declines*.

A perfect example of the progress we have made is right here in Minnesota.

It started in 2018, when, alongside the Great Plains Institute, ACE helped initiate stakeholder discussions about the need for new clean fuel policies and markets in Midwest states. Two years later, we put forth a blueprint for Midwest governors and legislators to follow in drafting clean fuel or low carbon fuel policy. This year, our blueprint was used by lawmakers in Minnesota to introduce the Future Fuels Act, bipartisan legislation to reduce the carbon intensity of the state's fuel by 20 percent in 2035.

The research we've done indicates the low-cost way to meet this 20% carbon reduction standard is to increase the use of E15 and E85, underscoring why clean fuel policy *done right* can benefit ACE members.

While the Future Fuels Act passed the House of Representatives, it did not become law this year, but we are trying to build momentum behind the legislation for 2022. Speaking of next year, I'm especially encouraged many other Midwest states are looking to follow Minnesota's lead including Nebraska, Wisconsin, Illinois, and Ohio just to name a few.

To those who are uncomfortable with our low carbon strategy, who prefer to hunker down and "protect the liquid fuel market" from electric vehicles, my question is, why play into the refiners' hands?

If we have an opportunity to expand ethanol's market share by helping decarbonize liquid fuels, why would we spend time and resources to protect the status-quo which limits ethanol to 10 percent of the market?

Now, I'll concede there are some politicians and groups who are licking their chops, fantasizing this *is* their moment to eliminate internal combustion engines and liquid fuels. But the thing about fantasies? They aren't real!

The inconvenient truth is there are hundreds of millions more people driving vehicles today capable of using low-carbon substitutes to petroleum, such as E15 and E85, than any other alternative. This will be true through most of this century.

And as the shine begins to wear off, hard realities face electric vehicles; land-use and environmental damages associated with mining critical minerals like cobalt and lithium necessary for batteries, the



risky geopolitics around where those minerals are located in the world, massive investments required to improve the grid and install charging stations.

I could go on and on, but that's not a wise investment of our time either. We need to stay on offense.

We need to get elected leaders to realize increasing the use of ethanol *today* will *immediately* benefit the climate, that meeting a goal of net-zero emissions by 2050 will be more attainable if we start making progress *right now* with low carbon ethanol.

That's a message ACE will continue to deliver, and while we're at it, we intend to hold elected leaders accountable; do they really want to reduce GHGs, or do they just want to talk about it?

I'm not going to lie, over the last 17 years, there *have* been times I watched things happen, there have definitely been times when I wondered what the hell happened, but I have gotten the most satisfaction out of working with ACE members to make things happen.

I'm confident we are doing that today by leveraging ethanol's low carbon benefits.

Thank you for that opportunity, and thanks again for attending our conference this year.