american coalition for
ethanol

ACE FLY-IN
& Government Affairs Summit

2025

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PRIORITY ISSUES

E15 YEAR-ROUND

Congressional action to allow E15 year-round will save families money at the pump, increase domestic fuel production, strengthen U.S. energy security, boost the farm economy, reduce tailpipe pollution, and bring certainty to the fuel market for refiners.

American farmers are caught in a vise between high input costs and low crop prices. Nationwide use of E15 on a year-round basis would increase domestic corn demand by nearly 2 billion bushels and improve farmer profitability.

E15 typically costs 5 to 25 cents per gallon less than E10, providing much-needed economic relief for all Americans.

While EPA has approved E15 in some Midwest states beginning this Spring, and President Trump has directed EPA to consider emergency waivers during the summer driving season, **Congress should pass bipartisan legislation to enable permanent and nationwide market access and prevent a confusing patchwork of state regulations.**

Congress should enact **S. 593 and H.R. 1346**, the Nationwide Consumer and Fuel Retailer Choice Act, to allow E15 year-round.

UNLEASH NEW MARKET OPPORTUNITIES

Global and domestic market uncertainty is jeopardizing the competitiveness of U.S. farmers and ethanol producers and investments they have made in their operations.

Congress and the Trump administration can take the following actions to help stabilize and expand markets for America's farmers and ethanol producers:

Increase Domestic Ethanol Blending through the Renewable Fuel Standard (RFS) – For two decades, the RFS has promoted energy security and economic growth. Given the Administration's focus on energy dominance, and to counteract other countries targeting corn and ethanol as tariff bargaining chips, EPA should increase the RFS for 2026 and beyond, specifically increasing the conventional biofuel volume to at least 17 billion gallons annually to compensate for potential export market loss.

Expand Global Markets by Eliminating Trade Barriers – We support strategic, pro-market trade policy which eliminates unfair trade barriers, and we need new export opportunities developed if any existing markets are lost due to trade wars.

Promote Innovation, Energy Security, and Economic Growth in the Tax Code – The 45Q Carbon Capture, Utilization, and Storage and 45Z Clean Fuel Production credits not only promote domestic energy security, they create good-paying American jobs and unlock new markets, such as sustainable aviation fuel (SAF) and opportunities for farmers to monetize conservation practices such as reduced tillage and cover crops.

Ethanol producers and farmers have a lot of money on the line. Congress should safeguard these tax incentives and extend 45Z long-term. Congress should also temporarily reinstate the Second-Generation Production credit as a bridge to 45Z.

Treasury should finalize guidance for 45Z, including the guidelines for crops used as biofuels and feedstock carbon intensity calculator developed by USDA into the final 45Z regulations, so ethanol producers and farmers can unlock new market opportunities.

Replace the EV Mandate with Incentives for Flexible Fuel Vehicles and Higher Blends – Ending the EV mandate is good. Replacing the EV mandate with policies which give automakers flexibility to produce more Flexible Fuel Vehicles (FFVs) which use domestically produced flex fuels (E20, E30, E85) is even better.

Farm Bill – Farmers, ethanol companies, and rural America benefit from conservation practices which improve soil health, enhance productivity, and reduce the carbon intensity of corn used in ethanol production. The Farm Bill should continue to support farmer adoption of conservation practices such as reduced tillage, nutrient management, and cover crops, and the documentation of the resulting carbon benefits, to unlock new market opportunities.

Other legislation we support in the 119th Congress:

- **Farm to Fly Act (S.144, H.R. 1719)** – to support SAF through USDA programs
- **Comparison of Sustainable Transportation (COST) Act** – directs the GAO and Energy department to compare the financial and environmental costs of replacing the federal vehicle fleet with either EVs or FFVs

Legislation we supported in the 118th Congress:

Next Generation Fuels Act – to increase American ethanol use through high octane fuel standards, incentives for FFVs, and requirements for vehicle and infrastructure compatibility with higher ethanol blends

Flex Fuel Fairness Act – to provide auto manufacturers incentives to produce FFVs

Farmer First Fuel Incentives Act – to extend the 45Z Clean Fuel Production credit and restrict eligibility to domestically produced feedstocks

Second-Generation Biofuel Producer Credit Extension Act – to extend the Second-Generation Biofuel Producer tax credit as a bridge to implementation of the 45Z Clean Fuel Production credit

Adopt GREET Act – to require EPA to apply the Department of Energy's Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model to determine GHG emissions under the Renewable Fuel Standard (RFS)

E15 YEAR-ROUND

The Clean Air Act prohibits the sale of gasoline with a Reid vapor pressure (RVP) in excess of 9 psi during the high ozone “summer” season (June 1 – Sept. 15). In 1990, to allow E10 year-round, Congress amended the Clean Air Act to provide a 1-psi RVP waiver for fuel blends “containing gasoline and 10% ethanol” (the highest ethanol content in gasoline at the time).

In 2011, EPA approved the use of E15 in all light-duty vehicles made in model year 2001 and after, but failed to provide the RVP waiver for E15, even though it has slightly lower evaporative emissions than E10. The outdated RVP regulation is preventing market access to a more affordable clean fuel made in America, so Congress needs to act.

We support bipartisan legislation in Congress to essentially provide E15 and E10 the same RVP waiver and gasoline blendstock. Since volatility limits only apply to conventional gasoline areas during the “summer” season, E15 can be sold outside the June 1 – Sept. 15 time frame.

Today, 99% of all U.S. vehicles are approved to use E15. Nearly 3,700 retail sites offer E15 across 33 states, many which market the fuel as Unleaded 88 because of the higher octane rating.

E15 typically costs 5 to 25 cents per gallon less than E10 and 40 cents to $1.00 less than non-ethanol gasolines. With the octane rating of 88, allowing the sale of E15 gives consumers the option to buy a higher quality product for less money.

E15 year-round will save families money at the pump, increase domestic fuel production, strengthen U.S. energy security, boost the farm economy, reduce tailpipe pollution, and bring certainty to the fuel market for refiners.

American farmers are caught in a vise between high input costs and low crop prices. According to the National Corn Growers Association, every 1% increase in the ethanol blend rate increases corn demand by 460 million bushels. Nationwide use of E15 year-round would increase domestic corn demand by 2 billion bushels and improve farmer profitability.

While EPA has approved E15 in some Midwest states beginning this Spring, and President Trump has directed EPA to consider emergency waivers for other areas of the U.S. during the summer driving season, Congress should adopt the bipartisan Nationwide Consumer and Fuel Retailer Choice Act to enable permanent and nationwide market access and prevent a confusing patchwork of state regulations.

Congress should enact S. 593 and H.R. 1346, the Nationwide Consumer and Fuel Retailer Choice Act to allow E15 year-round.

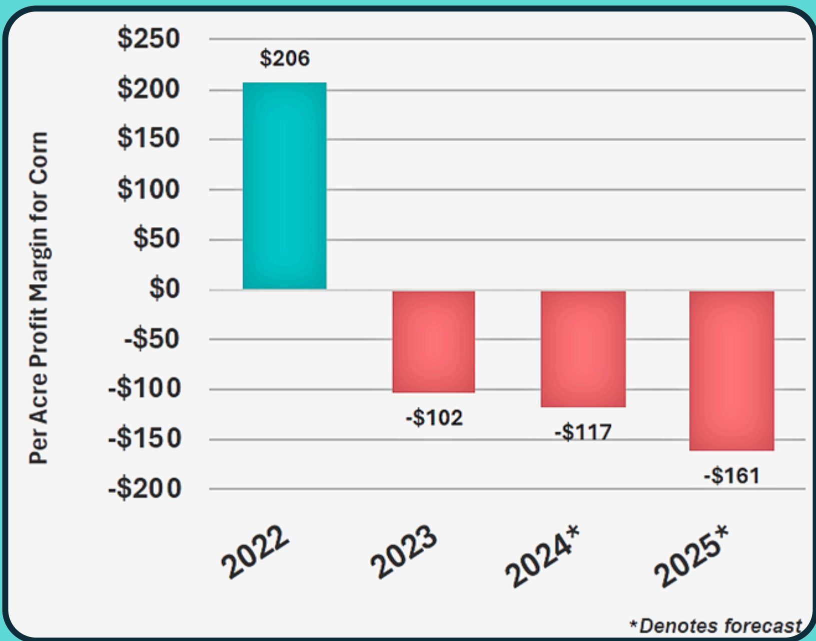
Increase Domestic Ethanol Blending Through the Renewable Fuel Standard (RFS)

After enacting the original RFS in 2005, to counteract an economic downturn in rural America, Congress significantly expanded the RFS in 2007 to increase domestic ethanol blending. The positive results were immediate. As demand for U.S. crops increased, net farm income nearly doubled between 2007 and 2013 and more than 200 ethanol facilities were built, creating high-skill, high-wage jobs in rural America. For two decades, the RFS sparked demand for farmers and provided Americans with low-cost fuel options, cleaner air, and increased energy security.

But today, American farmers are once again trapped in a price-cost squeeze. For example, despite record-setting productivity the last two years, the value of U.S. corn production has fallen and input costs have risen. According to the National Corn Growers Association, many corn farmers are forecast to experience their third consecutive year of net profit losses in 2025, projected to lose more than $160 per acre on average.

Three Years of Losses for Corn Farmers

Source: National Corn Growers Association



Increasing U.S. ethanol use by expanding RFS blending targets and allowing E15 year-round are the best ways to grind through the domestic corn surplus and create demand for farmers. Boosting the use of American-made corn ethanol also helps achieve the energy dominance agenda. This spring, EPA is expected to issue proposed renewable volume obligations (RVOs) for 2026 and future years, with plans to finalize the volumes at the end of this year.

EPA should increase renewable volume obligations (RVOs) for 2026 and future compliance years, specifically increasing the conventional biofuel volume to at least 17 billion gallons annually to improve economic conditions in rural America and compensate for potential export market loss.

Reallocate Small Refinery Exemptions (SREs) Under the RFS

The RFS enables small refineries (fewer than 75,000 barrels of daily crude oil throughput per day) to petition EPA for blending exemptions if they can demonstrate their obligations will cause "disproportionate economic harm." By law, any physical gallons of renewable fuel represented by SREs must be reallocated to larger, non-exempt refiners to prevent "leakage" and maintain the overall renewable volume obligations of the RFS.

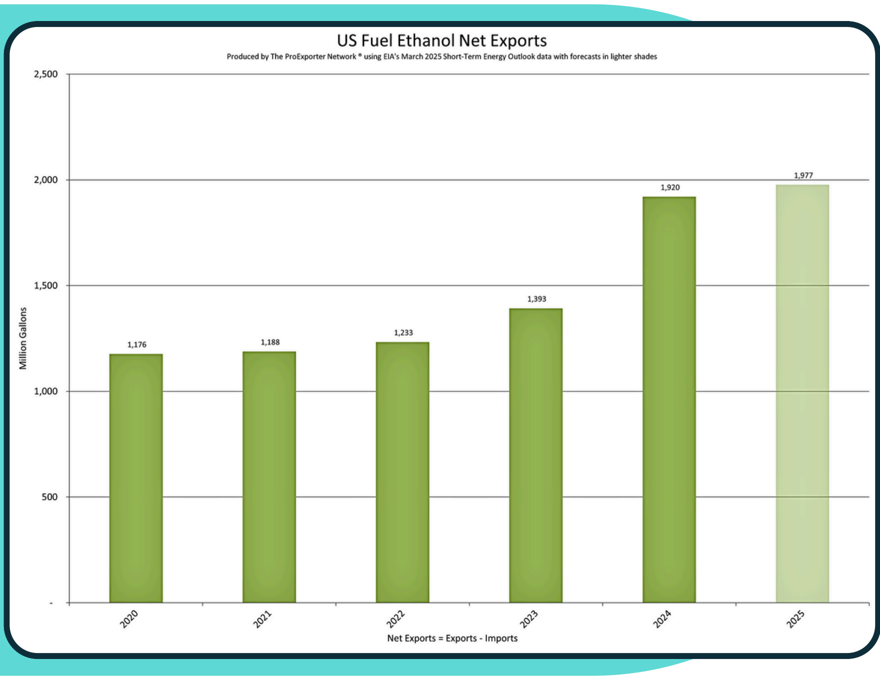
Unfortunately, in the past, many SREs were issued in a retroactive manner, after the final renewable volume obligations had been established by EPA. This approach not only reduced the effective RFS blending obligations by approximately 3 billion gallons, it lowered prices for renewable identification numbers (RINs) which discouraged sales of E15 and higher ethanol blends. ACE and others have challenged this approach in the courts.

The stakes are high because more than 150 SRE petitions are currently pending at EPA, representing approximately 5 billion gallons of blending obligations. A strong rural economy depends upon growing the use of renewable fuels. To restore economic security in rural America, EPA needs to implement the program as enacted by Congress.

If EPA chooses to issue any SREs, exempted volumes must be reallocated so overall blending obligations remain intact.

Expand Global Markets by Eliminating Trade Barriers

The outdated federal restriction on year-round E15 and other regulatory barriers artificially limit domestic ethanol use, so the industry has proactively developed export markets.



U.S. ethanol exports approached 2 billion in 2024, setting a new record for export volume and value. Canada has been the most important trade destination for U.S. ethanol while Mexico is the top customer for U.S. distillers' grains coproduct.

We support strategic, pro-market trade policies that eliminate unfair barriers, and need new domestic and international market opportunities developed if any existing export markets are lost due to trade wars.

Promote Innovation, Energy Security, & Economic Growth in the Tax Code

U.S. farmers and ethanol producers are making plans to allocate capital for innovative projects based on existing incentives such as 45Q (carbon capture, utilization, and sequestration) and 45Z (clean fuel production).

These tax incentives not only promote U.S. energy security, they also create good-paying American jobs and unlock new markets, for example, sustainable aviation fuel (SAF) and opportunities for farmers to monetize conservation practices such as reduced tillage and cover crops.

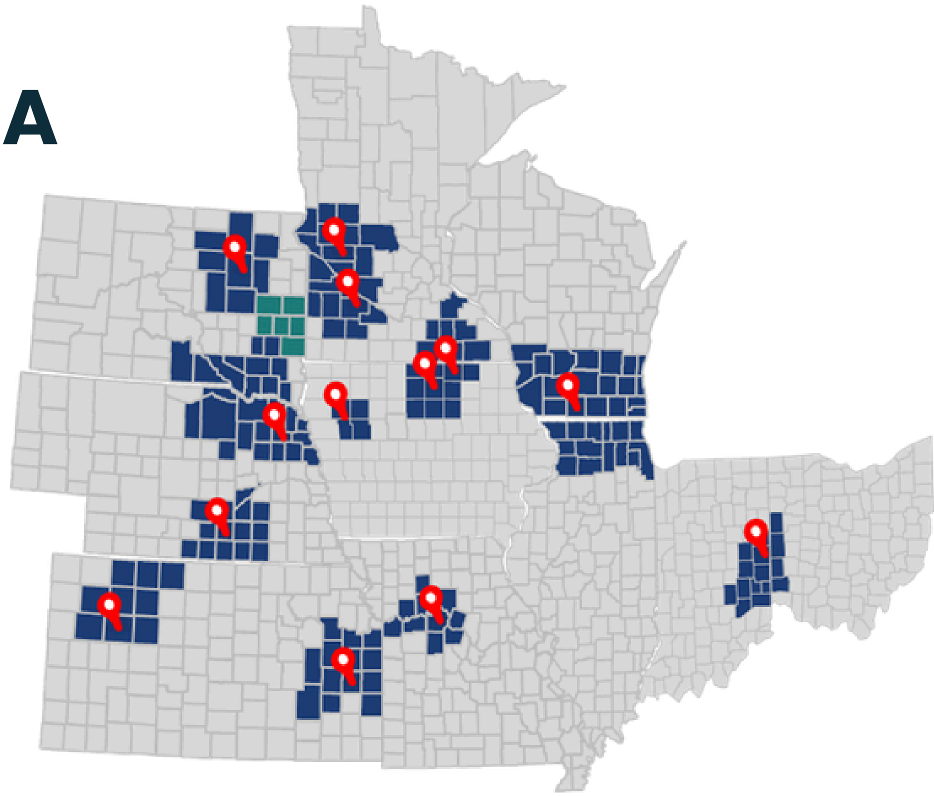
But the ag economy is under financial stress, and American farmers and ethanol producers have a lot of money on the line. They need new market opportunities and a tax code which supports certainty and economic growth.

Congress should safeguard these tax incentives during reconciliation discussions, support a long-term extension of 45Z beyond its 2027 sunset, and clarify 45Z is intended to recognize the co-processing of corn and corn kernel fiber for cellulosic ethanol.

Treasury should finalize 45Z guidance, and include the technical guidelines for biofuel crops and carbon intensity calculator developed by USDA in the final 45Z rules, so ethanol producers and farmers can unlock new market opportunities.

Congress should also reinstate the Second-Generation Production tax credit for 2025 to promote innovation and market certainty while the 45Z guidance is finalized. If fully utilized, this temporary extension would reinvest $650 million into facilities and farmer-owned operations.

Leading the Way to **Unlock New Markets & Tax Credits** Based on USDA Conservation Practices



The American Coalition for Ethanol (ACE) is leveraging USDA Regional Conservation Partnership Program (RCPP) funding to help hundreds of farmers adopt long-established conservation practices on nearly 100,000 acres across 167 counties surrounding 13 ethanol facilities in Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin.

Regulated fuel markets have historically penalized ethanol based on outdated assumptions about farm-level GHG emissions and failed to credit conservation practices with known GHG benefits. It is long overdue for farmers to get credit for using conservation practices which reduce GHG emissions from biofuels.

That's the ultimate objective of ACE's RCPP project: empowering ethanol producers and farmers to earn higher tax credits and premium prices in clean or low carbon fuel markets based on conservation practices.

As rules for 45Z are developed, we encourage USDA to update credit values for individual conservation practices by incorporating results and data collected through ACE's RCPP project, and urge Treasury to finalize 45Z guidance, including the technical guidelines for biofuel crops and carbon intensity calculator developed by USDA, in the final 45Z rules, so ethanol producers and farmers can unlock new market opportunities.

Clean Fuel Production Credit (45Z)

45Z is a technology-neutral tax credit for transportation fuel (used in a highway vehicle or aircraft) produced and sold between 2025 and 2027. Credit values are based on the GHG emissions or carbon intensity (CI) of the fuel. USDA has developed guidelines which, if adopted by the Treasury Department, would enable biofuel producers and farmers to monetize conservation practices, such as reduced tillage, nutrient management, and cover crops, which help reduce the carbon footprint of biofuels.

Replace the EV Mandate with Incentives for FFVs & Higher Ethanol Blends

ACE supports efforts by the Trump administration and Congress to end the electric vehicle (EV) mandate and promote consumer choice.

In a day-one Executive Order, President Trump announced he would “eliminate the ‘electric vehicle mandate’ and promote true consumer choice, which is essential for economic growth and innovation, by removing regulatory barriers to motor vehicle access; by ensuring a level regulatory playing field for consumer choice in vehicles; and by considering the elimination of unfair subsidies and other ill-conceived government-imposed market distortions that favor EVs over other technologies and effectively mandate their purchase.”

EPA has announced its intention to repeal a regulation which would have effectively required most new vehicles sales to be EVs starting in model-year 2027.

Ending the EV mandate is good. Replacing the EV mandate with policies which give automakers flexibility to produce more Flexible Fuel Vehicles (FFVs) which use domestically produced flex fuels (E20, E30, E85) is even better.

The U.S. already has nearly 6,000 retail E85 locations and approximately 21 million FFVs on the road, but true consumer choice and energy security could be achieved if steps are taken to increase opportunities for Americans to operate vehicles designed and approved to run on any blend of ethanol and gasoline, from straight unleaded to E85.

Replacing the EV mandate with incentives for FFVs and higher blends would also support U.S. energy security and new market opportunities for America’s farmers and biofuel producers.

We support the following legislation to help achieve these goals:

Comparison of Sustainable Transportation (COST) Act – directs the Government Accountability Office (GAO) and U.S. Department of Energy to compare the financial and environmental costs of replacing the entire federal government fleet with either EVs or FFVs.

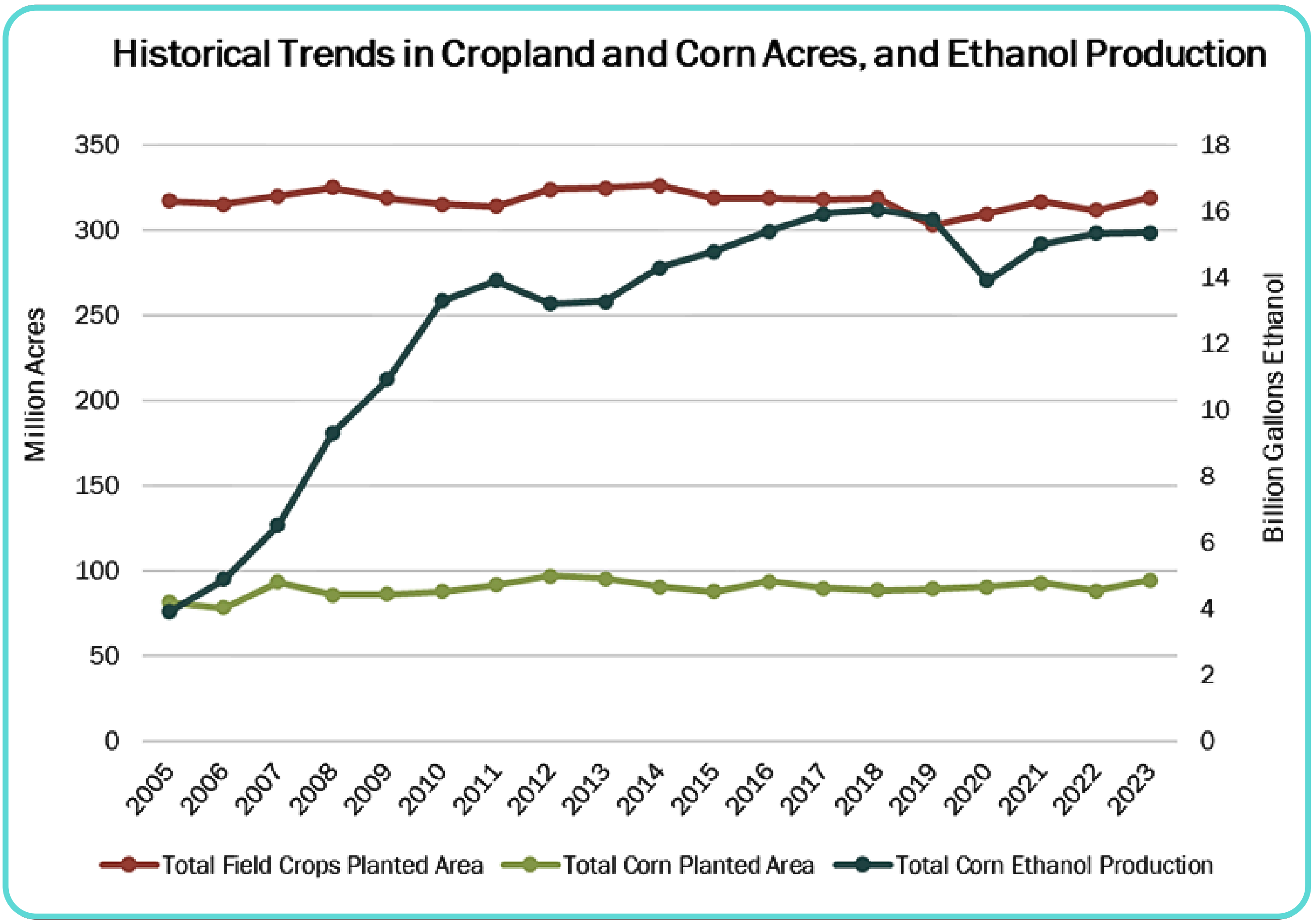
From the 118th Congress, we support the following legislation:

Next Generation Fuels Act – to increase American ethanol use through high octane fuel standards, incentives for FFVs, and requirements for vehicle and infrastructure compatibility with higher ethanol blends.

Flex Fuel Fairness Act – to provide auto manufacturers incentives to produce more FFVs.

Doing More with Less: Ethanol Growth WITHOUT Land Use Change

USDA data indicate total cropland and corn acres have largely remained unchanged while ethanol production increased in the U.S. This means increased ethanol production has been achieved by farmers producing more bushels of corn on the same acres (higher corn yields) and shifting of crops without inducing more land use changes. Scientists have recently reduced so-called land use change penalties in their lifecycle GHG models, reflecting this reality.



American Coalition for Ethanol

The American Coalition for Ethanol (ACE) is the nation's grassroots ethanol advocate. Our members are the heart and soul of the ethanol industry. They include owners and investors in U.S. biorefineries, farmers, and small businesses supplying goods and services.

ACE has been leading the effort to ensure American ethanol and agriculture remain central to strengthening our rural economy, creating good-paying jobs, and securing our nation's energy security. Our work involves policy development and validation of the real-world carbon savings modern-day corn and ethanol production can deliver.

Thanks to U.S. farmers and producers, today's corn ethanol is cleaner and more efficient than ever, cutting emissions by over 50% compared to gasoline.

With continued innovation in farming practices, ethanol production, and carbon capture technology, ethanol is on a path to become the cleanest and most affordable homegrown energy solution available.

How to contact ACE:

5000 S. Broadband Lane
Suite 224
Sioux Falls, SD 57108
605-334-3381
www.ethanol.org
www.flexfuelforward.com

Find us on social
@ACEethanol

ACE Staff

Brian Jennings
Chief Executive Officer

Jonathon Lehman
Chief Consultant & Policy Advisor

Ron Lamberty
Chief Marketing Officer

Katie Muckenhirn
Vice President of Public Affairs

Anna Carpenter
Member Services Coordinator

Ashley Borchert
Communications Manager

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Chief Ethanol Fuels

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Nebraska Public Power District

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