

2026 State of the Industry Remarks
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As prepared

Thank you, Derek, for kicking things off this morning and for your outstanding service as chairman of the RFA board. Derek has been a tremendous leader during a dynamic time; and it has been an honor to work closely with him to help guide our industry forward.

I'd like to begin this morning with a short story to help set the stage for this year's event. It's about a 17-year-old high school senior whose dream was to play quarterback for a Division I college football team. But even after an impressive high school career, going to college camps across the country, and sending his highlight reel to over 100 schools, he was beginning to think his dream was unattainable. He wasn't getting any call-backs.

Not a single D-1 school showed much interest, and he hadn't received any scholarship offers. He was, after all, just a two-star recruit in a sea of bigger, faster, stronger athletes.

Florida International University was just 20 minutes from his house. But they didn't want him. Florida Atlantic was just down the road. They also took a pass. He tried to walk on at his dream school—the University of Miami—but they weren't interested.

He was almost ready to give up on his dream and choose a different path after high school. But just two weeks before signing day, his phone rang. It was the University of California calling to see if he'd like to visit. Another quarterback had just decommitted and they needed a backup.

So, he flew to Berkeley, toured the campus, and talked to the coaching staff. They offered him a spot on the team. And, with no other prospects, he took it.

He spent his freshman year on the scout team as the third-string quarterback. He didn't play—for even a minute—in a game that year.

But the following year, both quarterbacks ahead of him got hurt and he was thrown into the starting role. The team lost four straight games with their new quarterback, and the critics were quick to say he just wasn't good enough to play at the college level.

But his coaches didn't have many other options, so they stuck with him. And he strung together a couple of respectable seasons as the starting QB at Cal. After his junior season, however, the school wanted to go a different direction and brought in a transfer.

So, he entered the transfer portal and left the only school that had ever believed in him. And he ended up at Indiana University—the losingest program in college football history. Over 700 losses and just three bowl game wins in 120 years. People thought he was crazy.

But he didn't care. He knew his worth and his potential, and he knew it could be fully unleashed in a Hoosier uniform. And the new coach there thought he'd be a perfect fit.

Now, I'm sure you all know by now that I'm talking about the incredible Fernando Mendoza. And you probably know how this story ends.

Last year, Mendoza led the Hoosiers through the most improbable and unbelievable season in college football history. He pulled the team together and led with humility, grace, and undeniable grit. Indiana went 16-0. They beat six top 10 teams. They won their first Big Ten title in 80 years. And the lanky, two-star recruit from Florida won the Heisman Trophy.

And in a championship game for the ages, Mendoza led Indiana to its first national title—beating, of all teams, the Miami Hurricanes...in a stadium just 40 minutes from where he grew up.

It was, by all accounts, a perfect season. And it all happened because Mendoza was given a chance. He rose to the occasion. He bet on himself when no one else would. He kept showing up until they couldn't ignore him anymore.

His story shows us what can happen when hidden talents, overlooked potential, and relentless determination are finally unleashed.

His coach, Kurt Cignetti—himself an underdog—had this to say about his quarterback. “He’s a warrior. He has come such a long way since we got him from Cal. But I still think that he has barely scratched the surface of his potential.”

So, what's that got to do with ethanol? Well, we find ourselves today in a situation similar to the 17-year-old Mendoza—full of incredible potential, promise and possibility—and just waiting for the opportunity to be let off the leash.

We saw glimpses of our industry's potential last year.

America's ethanol producers cranked out a record 16.4 billion gallons of renewable fuel in 2025, up 200 million gallons from the previous year.

The industry also generated 35 million metric tons of high-protein animal feed and a record 4.7 billion pounds of distillers corn oil. That's enough animal feed to produce 13 billion pounds of red meat, and enough corn oil to generate 575 million gallons of bio-based diesel fuel.

The industry also captured a record 3.3 million tons of carbon dioxide, mostly used in food, beverage, and industrial applications, but with an increasing amount being geologically sequestered.

On the demand side, domestic consumption hit 14.3 billion gallons, the highest in six years. And ethanol's average inclusion rate in gasoline hit a record of nearly 10.5 percent.

But the real bright spot for U.S. ethanol demand last year was exports. A record 2.2 billion gallons of ethanol were exported in 2025—up 13 percent from 2024. In fact, one out of every eight gallons of U.S. ethanol was exported to more than 80 countries around the globe.

The numbers and statistics don't tell the full story of the ethanol industry's impact in 2025. Ethanol was neck-and-neck with livestock feed as the top user of U.S. corn. Roughly 5.6 billion bushels of corn and grain sorghum went into ethanol last year, providing a critical demand boost for farmers who, despite harvesting record-large crops, faced the worst economic conditions in nearly 50 years.

Analysts estimate corn prices would have close to \$1.50 per bushel lower without ethanol, and farmers would have been forced to idle or sell millions of acres of productive cropland. Indeed, ethanol continues to provide a lifeline to farming communities that are experiencing extremely difficult conditions and a dire financial outlook.

For nearly four decades, ethanol has been the shining star of value-added agriculture. Last year, ethanol biorefineries added \$2.25 of additional value to every bushel processed, generating billions of dollars in economic activity in communities across the nation—from California and New York to Minnesota and Missouri.

So, 2025 was another good year for the U.S. ethanol industry.

In fact, the industry supported 317,000 jobs across all sectors of the economy, generated \$28 billion in income, and contributed more than \$50 billion in gross domestic product. Those are numbers to be proud of.

But we could have done so much more...if simply given the opportunity. More to lower fuel prices for consumers. More to reduce reliance on imported petroleum. More to clean up the air and reduce emissions. And more to create jobs and boost the farm economy.

But unfortunately, the renewable fuels industry remains on a tight leash. We are being held back from reaching our full potential—just like the young Fernando Mendoza.

Outdated regulations and entrenched petroleum refiners continue to block larger volumes of lower-cost, cleaner burning ethanol from reaching consumers. And instead of being penalized for holding, referees continue to look the other way.

In most of the country, E15 remains a seasonal fuel that cannot be sold during the busy summer months—all because of a nonsensical glitch in regulations adopted 35 years ago. Many retailers have made clear they are not interested in selling E15 if it can't be offered to customers 365 days a year—even if the fuel provides a cleaner, lower-cost option at the pump.

During his first term, President Trump directed EPA to remove the summertime E15 barrier. But, threatened by the competition, oil refiners sued EPA and succeeded in keeping the blockade in place. The courts ruled that only Congress has the power to permanently remove the E15 barrier via legislation.

So, RFA went to work on a new strategy to secure a legislative fix. We forged a landmark compromise on year-round E15 legislation with the American Petroleum Institute, fuel retailers, farm groups, and other organizations. The bill had broad bipartisan support in Congress, including—for the first time ever—Senators and Representatives from the oil patch.

And in December 2024, that legislation was attached to a Continuing Resolution bill—and it was inches away from finally crossing the goal line.

But in the final seconds of the game, Lucy pulled the football away again and the E15 legislation—along with all other policy riders—was stripped from the final bill.

In the wake of that heartbreaking defeat, Members of Congress told us not to worry. They said there would be other opportunities to adopt the E15 legislative fix. Unfortunately, no such opportunities arose in 2025.

But as the year drew to a close, it became clear we'd have an opportunity to fold the E15 bill into appropriations legislation that needed to pass in January to avoid another government shutdown. So, working again with API and our coalition, we designed a play to ensure E15 legislation could be adopted as part of this process. This time, the E15 language was paired with provisions sought by larger refiners that would reform the deeply flawed small refinery exemption, or SRE, program.

And again, we were deep inside the red zone and prepared to score the winning touchdown. The legislation was introduced as an amendment in the House by Iowa Congressman Zack Nunn. We were still very much in the game.

But this time, a handful of mid-sized oil refining companies came off the sideline and took a goal-line stand against the legislation. These companies, some with foreign ownership, claimed that losing access to SREs would somehow cause them to shut down refineries and lay off workers—all of which, of course, is complete and utter nonsense.

But their gambit worked. They created enough doubt on Capitol Hill that the E15 language was pulled from the bill. So, instead of finally getting year-round E15 legislation adopted, we got...a Council.

House leadership directed the formation of the E15 Rural Domestic Energy Council, whose unenviable mission was to develop compromise legislation that would be acceptable to all stakeholders.

To the Council's credit, they've been working day and night to find a solution and a legislative path forward. But what they are finding—which is the same thing we found out years ago—is that there is simply no way to appease mid-sized refiners who continue to game the RFS system with SREs. Those refiners either want to maintain the status quo, or they want to blow up the RFS entirely—neither of those options is acceptable to the majority of liquid fuel and agriculture stakeholders.

And here is the really frustrating part. We already had a deal. The legislation introduced by Congressman Nunn was universally supported by agriculture, ethanol, fuel retailers, large oil refiners, many true small refiners, and other key stakeholders. And yet a very small but vocal faction of well-connected refining companies was able to shut the whole thing down.

The Council, co-chaired by our friend Iowa Congressman Randy Feenstra, was given a deadline of February 25—TODAY—to bring compromise legislation to a vote. And as of 8 a.m. this morning, we still haven't seen a bill.

Our message to the Council—and to every member of Congress—is clear: Year-round, nationwide E15 is an urgent priority for America's farmers, energy sector, and working families—and it can't wait any longer. Unleash E15! Let's get it done!

Using the QR code or phone number on the screen, we are asking everyone here to share that message today directly with your Representative in House. During the break or before lunch today, ask them why we haven't seen the legislation that was promised. Where is it? Tell them they need to finish the job. We need year-round E15 NOW! At this very moment, 1,200 miles away at the

Commodity Classic conference in San Antonio, 11,000 farmers are sharing this same message with their members of Congress. We've all got to work together to keep the heat on.

The silver lining is that we again have the support of President Trump. He remains committed to removing the obstacles that block E15 from the marketplace. In his Day One Executive Orders, he specifically included biofuels as a form of American energy that needs to be released from burdensome regulatory constraints. And he directed EPA to grant emergency waivers allowing summertime sales of E15 if Congress failed to act.

And just a month ago in Iowa, President Trump reiterated his support for E15 and called on Congress to get legislation allowing nationwide, year-round sales to his desk for signature as soon as possible. Today, we urge lawmakers to heed the President's call.

Unleashing E15 would have enormous benefits not just for the farm sector, but for the entire U.S. economy. A recent study by RFA and the National Corn Growers Association found that year-round, nationwide E15 would add an additional \$26 billion to U.S. GDP, boost household incomes by \$10 billion and support 128,000 additional full-time jobs across all sectors of the economy.

And consumers would see increased savings at the pump. At a time when inflation and affordability are top of mind for American families, nationwide E15 would lower total spending on gasoline by \$25 billion dollars or more—more than \$210 per household.

While the E15 fight continues in Washington, our industry finally had a breakthrough at the state level in California—the only state that had not yet approved E15 as a motor fuel.

After seven years of foot-dragging on E15 approval by the state's regulators, RFA decided to take a different approach. We worked with the California legislature to promote the benefits of E15, and in late 2024 Assemblymembers David Alvarez and Heath Flora, and other members of the bipartisan California Problem Solvers Caucus, introduced a bill that would immediately legalize E15—even while CARB continued its formal regulatory process to approve the fuel.

The bill sailed through the legislature and Governor Gavin Newsom signed it into law in October, proclaiming "...we're cutting red tape to provide consumers with more options as we continue our transition to cleaner transportation." That should have been the end of this RFA success story, and gallons of lower-cost E15 should be flowing in the state today.

However, another obscure regulatory barrier still has E15 on the leash. This time the State Fire Marshal threw up a last-minute obstacle, claiming that California's unique stage two vapor recovery equipment hasn't yet been approved by Underwriters Laboratory for E15 use.

Even though manufacturers of this equipment say it is compatible with E15, and even though one manufacturer already had CARB approval for E15, the fire marshal now says the equipment must be tested and certified for up to E25 before it can be used with E15.

Now, you're probably wondering: what the heck is stage II vapor recovery? Why is this an issue?

The technical answer is vapor recovery systems are designed to capture fuel vapors from a vehicle's fuel tank during refueling at the pump. California is the only state in the nation that still requires this equipment. With the advent of onboard vapor recovery systems built into vehicles in the late 1990s, other states found this equipment no longer offered any meaningful emissions benefit and they deemed it unnecessary.

But not California.

So, this rubber nozzle boot, and a few other components, is what is keeping E15 from being sold today in California. But not for long. RFA is working around the clock with the manufacturers of this equipment, lawmakers, regulators, the Governor's office, and retailers to remove this last impediment and finally provide Californians with access to lower-cost, lower-carbon E15.

For now, year-round E15—both at the Federal level and in California—remains a huge piece of unfinished business.

Our industry is also dealing with another big piece of unfinished business: Renewable Fuel Standard volumes for 2026 and 2027. But we're seeing good progress here and we should have the answers we're looking for soon.

Last summer, EPA—under new Administrator Lee Zeldin—proposed renewable volume obligations for 2026 and 2027. The proposed RVOs were the highest-ever, featuring big increases in biomass-based diesel and maintaining the 15-billion-gallon volume for conventional renewable fuels like corn ethanol. The proposal also prioritized domestically produced renewable fuels over imports, and pledged to continue the practice of prospectively reallocating any expected SREs in 2026 and 2027. So, overall, the proposal sent a strong, positive signal to the ethanol industry.

And we thank Administrator Zeldin, Assistant Administrator Aaron Szabo, and the EPA team for listening to industry stakeholders throughout the process.

Now, we just need EPA to finalize that rule. And we know the agency is close to doing so. It is expected that the final rule will be sent to the White House very soon for review, meaning it should be published and implemented in the coming weeks.

In addition to the final volumes, we're also closely watching EPA's final approach for addressing SREs.

As you know, President Trump's EPA inherited an enormous backlog of unresolved SRE petitions--nearly 200--dating back to the 2016 compliance year.

The agency moved quickly to decide those petitions. Last year, EPA granted 65 full exemptions and 89 partial exemptions, while denying 37 petitions.

And while we continue to question whether any SREs are truly justified in the first place, we have been encouraged by EPA's approach to managing those exemptions. For SREs covering 2016 through 2022, EPA logically returned RINs that were generated in those same years to refiners. Those RINs are now expired and cannot be used in lieu of physical gallons or current RINs to demonstrate compliance with current RFS standards.

For 2023 and 2024, however, EPA returned 1.9 billion valid RIN credits back to refiners that *can* be used to meet 2024 and 2025 obligations. But EPA also proposed to reallocate those exemptions by adding them back to the 2026 and 2027 volume obligations. EPA proposed two options for reallocation: adding *half* of the exempted volume back, or adding *all* of the exempted volume back.

We believe it is EPA's statutory obligation to ensure that 100 percent of the exempted volumes are reallocated. That is the only way to maintain the integrity of the RFS. Clearly, EPA is striving to minimize marketplace disruptions associated with SREs, and full reallocation is the best means of accomplishing that objective.

We're going to hear more about EPA's good work on the RFS later this morning from Assistant Administrator Szabo. And we look forward to working with Aaron and the EPA team to implement a final rule that honors the intent of the RFS, supports America's farmers, and strengthens our nation's energy and economic security.

Another key policy issue still pending is the implementation of regulations for the 45Z Clean Fuel Production Credit. We are, however, starting to see tangible progress there as well.

After relying solely on a Biden administration "Notice of Intent to Propose Regulations" throughout the 2025 tax year, we finally got the official proposed rule for 45Z three weeks ago. The proposal is a step in the right direction toward providing the clarity and certainty that ethanol producers are seeking, and it incorporates input we provided to the Treasury Department last year. It resolves the previous confusion around what constitutes a 'qualified sale,' and begins integrating important improvements from the One Big Beautiful Bill Act, such as the removal of indirect land use change emissions from carbon intensity scoring.

However, much work remains to be done, and many questions still need to be answered—and we hope to get those answers in a final rule later this year. But first and foremost, ethanol producers are anxiously awaiting a new, revised version of the 45ZCF-GREET model, which will help shed light and provide clearer direction on several critical issues. As you all know, the IRS requires ethanol producers to use that model to determine the emissions rate of your fuel—and your emissions rate determines your 45Z tax credit value. So, the model is really the whole ball game. We need to know how the removal of ILUC emissions will be handled; whether new pathways—like corn kernel fiber—will be added; whether any changes are being made to the use of energy attribute certificates; how regenerative ag practices may be recognized; and several other key factors.

These are the modeling details that will ultimately determine whether an ethanol producer's 45Z tax credit value is worth 10 cents per gallon, \$1 per gallon, something in between, or nothing at all.

These issues also will influence how and whether the 45Z program may reshape renewable fuel markets over the next four years. In order to better understand how the marketplace will react to the 45Z program in the years ahead, we need to understand the modeling details and the fine print.

45Z holds the potential to spur a wave of reinvestment and innovation in renewable fuels unlike anything we've seen since the ethanol building boom 20 years ago. The program can also help ensure American ethanol remains competitive in low-carbon fuel markets—both domestically and worldwide. But to reach that potential, it is crucially important that the models and final regulations are straightforward, fair, science-based, and allow for broad participation across the industry.

While there are many final details we don't yet know about 45Z, one thing seems almost certain: the credit will provide a strong incentive to increase production. And unleashing additional ethanol output is terrific – but only if we have new markets and demand sources that keep pace with increased supplies.

We know that corn supply growth is rapidly outpacing demand, and that imbalance is causing severe economic pain for farmers—we cannot allow that same imbalance to occur in the ethanol space. Increased supply without increased demand is like a quarterback without an offensive line.

All of this underscores the absolute necessity of developing new export markets, busting down the door on E15 market access, and breaking into new markets like aviation and maritime fuel.

We must continue to build on the exceptional progress we've made in the international marketplace. The U.S. ethanol industry continues to deepen its leadership in the global market, with export volumes shattering records in recent years.

Canada remains the top destination for ethanol exports, driven by clean fuel regulations and rising blending targets. Strong gains in the European Union, United Kingdom, India, and Colombia also

highlight growing interest in renewable fuels across both established and emerging markets. And new markets like Japan, Vietnam, and Indonesia are on the cusp of opening their markets to larger volumes of low-carbon ethanol.

These developments are occurring even as some nations—like China and Brazil—maintain punitive trade barriers that constrain or eliminate access—a challenge the industry and U.S. government must continue to address through policy engagement and trade advocacy.

RFA also sees enormous long-term market opportunities emerging in the global maritime and aviation fuel markets, as those sectors work to reduce carbon emissions and transition to cleaner energy sources.

Ethanol is well-positioned as a broadly available, low-cost, low-carbon, and scalable alternative fuel for these markets. Expanding ethanol into these supply chains would provide new demand for our industry, generate new revenue streams for farmers, bolster rural economies, and strengthen American energy leadership.

In the maritime sector, ethanol can help shipowners comply with emerging emissions standards, opening substantial long-term market demand. Even modest market penetration could translate into billions of gallons of new ethanol demand. The global marine fuel market is huge—70 to 80 billion gallons of fuel are used each year. And today, low-carbon alternative fuels like ethanol account for far less than 1 percent of marine fuel use.

But we need smart policy to enable these transitions. Recent international regulatory developments will help shape this opportunity, and RFA is ensuring that the U.S. ethanol industry has a voice in this conversation.

Late last year, we launched the American Biofuels Maritime Initiative, co-chaired by the RFA and the American Biogas Council. Our mission is to work with the U.S. government to ensure it is constructively engaged in the process to develop the International Maritime Organization's Net-Zero framework, which is essentially a low carbon fuel standard for the global shipping industry.

We are also co-founded the Climate Ethanol Alliance, which brings ethanol stakeholders from the U.S., Europe, Canada, and Brazil together to advocate for policies—like the Net-Zero Framework—that promise to unleash the potential of renewable liquid fuels worldwide.

The IMO will vote on adoption of the framework later this year, and we can't afford to let this opportunity slip away. We are calling on the Trump administration to stay at the table and help craft a final framework that works for U.S. biofuels and farmers.

And on sustainable aviation fuel, we'll continue pressing for policies that unlock alcohol-to-jet fuel opportunities. While 45Z is a start, existing tax policies don't do nearly enough to get alcohol-to-jet off the ground, and more must be done to fully realize ethanol's potential in the aviation sector.

We certainly have our work cut out for us in 2026. But the amount of energy, creativity, innovation, and potential in this room—and in our industry—is immeasurable. We just need the chance to compete. We need the opportunity.

We need to be unleashed. Just as Fernando Mendoza said in his incredible Heisman Trophy speech, we need discipline, heart and people who believe in our potential as much as we do. And just like #15, we must keep chasing our dreams, no matter how big or impossible they seem.

Thank you!