

Summer 2023



CHIPPEWA VALLEY ETHANOL COMPANY



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GENERAL MANAGER'S MESSAGE

Chad Friese
GENERAL MANAGER

After a slow start to Spring again this year, it appears we have turned the corner and are heading in the right direction. This last week has finally been dry and warm without the previous weeks need for rain gear or grabbing for the winter clothing to be outside.

The ethanol plant has been running great due to its dedicated, experienced staff and the quality corn of area farmers and members. With high yields on fuel and corn oil production along with steady ethanol demand that has kept supportive prices around we are heading to the last half of our production year looking very good. The management team continues to look to the future for opportunities and currently are evaluating a lot of carbon projects. With the current focus on carbon intensity, one begins to wonder where is the

What's Inside?

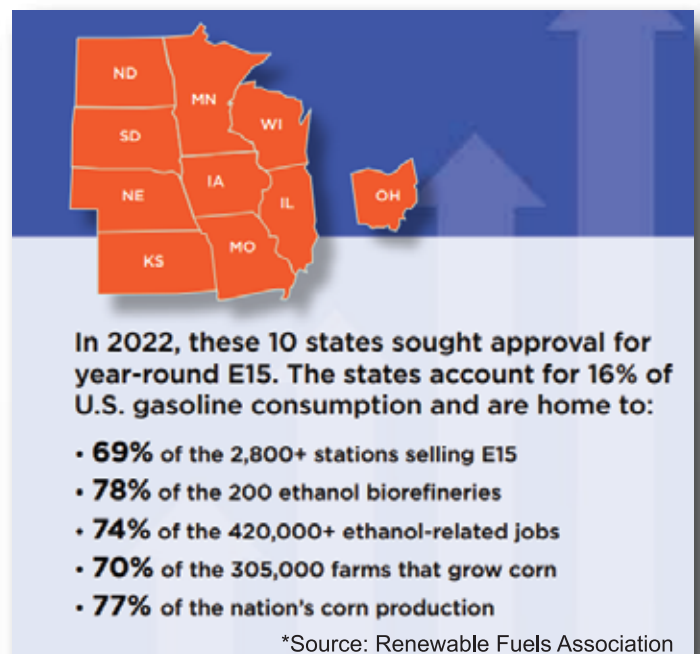
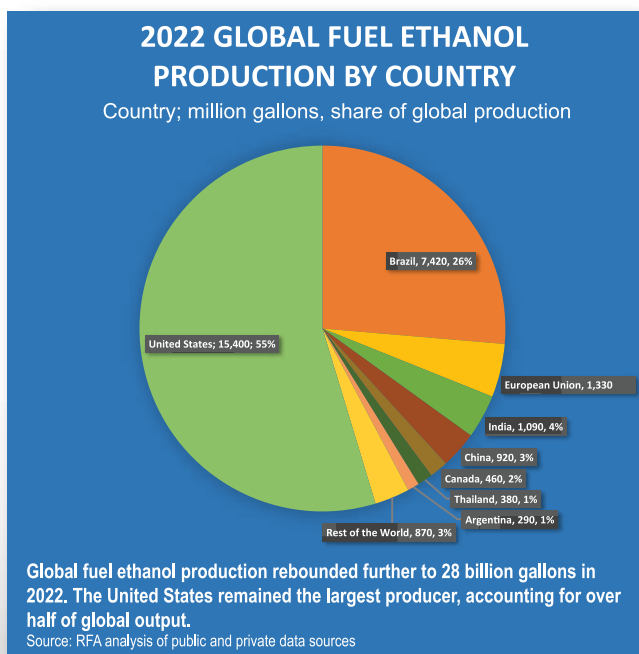
General Manager's Message	Global Ethanol Production
Shareholder News	Commodity Comments
Delivery Schedule	Delivery Options
E15 Approval Status	Chairman's Chat

understanding that the ethanol industry has been doing this all along. Better yields, less water usage, less energy usage, is the code by which we've been operating the last couple decades.

I guess the market always wants more, and that could be great news for the ethanol industry regarding E15 (unleaded 88). The Environmental Protection Agency (EPA) has been about as supportive as I have seen them in my several years in the industry. There are a couple notes throughout this newsletter that proves this. It seems as though consumers have really taken a liking to E15 and political support appears to be reinforcing its availability. The auto manufacturers have approved the product for nearly all models, with almost 95% of market share approved for E15. A cheaper and cleaner fuel

is easy to support, but E30 and E85 are even cheaper and cleaner. It's getting more difficult to find new models of Flex Fuel vehicles. Don't tell anyone, but I've driven the last 150,000 miles on E30 in a non-flex fuel vehicle, thanks to those blender pump stations in Greater Minnesota.

The CVEC investments are all doing great. My understanding from general discussion with the affiliates and others is that no one has a clear focus on what the future may hold with regard to fueling America. Like CVEC, they keep moving forward with a focus on a better tomorrow. I will say that if we are going to progress on a lower carbon fuel market it's going to take all of us. I would really encourage producers to start to think about ways to reduce carbon impacts and to track any changes you make. Reductions to carbon impact today look to be of future value. I certainly see value in a regenerative carbon model that grows a crop and turns it into energy. Later, the consumption of that energy releases the carbon for the next cycle and is constantly reducing a little from the last cycle through soil carbon inclusion. The move towards renewable electricity may not be as effective as renewable energy that recaptures carbon. I'll leave you with the thought of considering a plant, more specifically a Corn plant as a small solar array that absorbs the energy of the sun and combines it with carbon from the air. The seeds of that plant then being converted to a liquid fuel that drives America.



SHAREHOLDER

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3RD TRIMESTER PRICE ANNOUNCED.

The price for 3rd trimester of FY 2023 will be \$4.25/bushel plus freight and equalization.

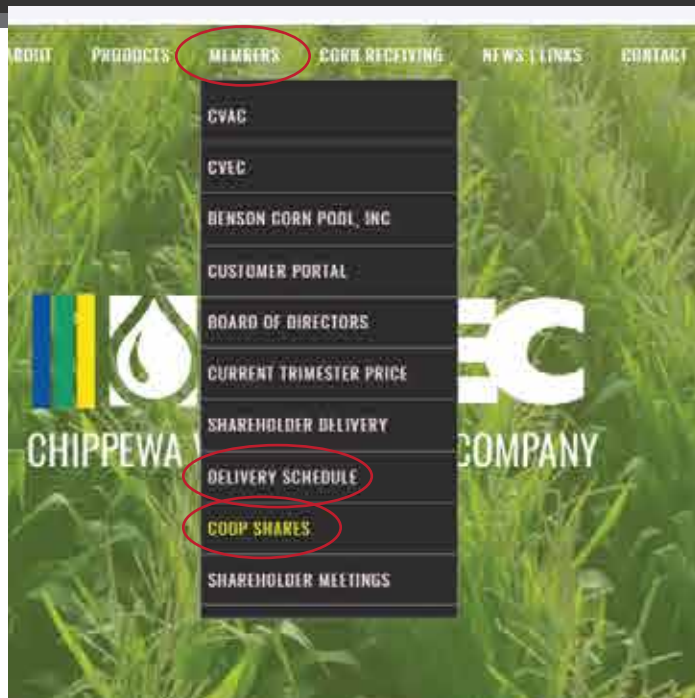
DELIVERY NOTICES START WITH THE LETTER "T" FOR 3RD TRIMESTER.

Delivery notices will begin with the letter "T" for the period beginning June 1, 2023. CVAC will be calling in 30% of total corn deliveries for 3rd trimester of 2023. Open delivery will continue in place and any shareholders who own 50,000 bushels or more will continue to have two weeks in which to deliver their corn.

The ENROLLMENT LETTER for Benson Corn Pool will be mailed to all members mid June. The deadline for enrolling bushels is August 1st. This is the time to remove or enter any bushels into BCP for FY 2024.

THE PRICE ADJUSTMENT ON 2ND TRIMESTER BUSHELS was \$0.05/bushel and will be mailed out in early June to shareholders who deliver their bushels. If you are signed up for direct deposit your payment will go directly into your account.

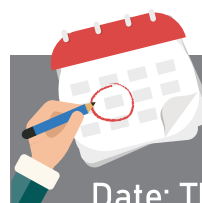
DIRECT DEPOSIT is available for all corn deliveries and CVEC distributions. If you're interested in direct deposit, please call the CVEC office at 320-843-4813.



Please remember that if you need to defer grain income, under Minnesota State Law a Deferred Payment Contract must be signed within 30 days of DELIVERY. Note that the 30 day deadline is based on the delivery date NOT the date that a contract is filled so please keep a close eye on this if you think you may be deferring income this year. If you are unsure of whether or not you will need to defer, please err on the side of caution and defer. We can always bring the income back if you need to, but once it's been more than 30 days since delivery we can no longer defer the payment.



SCAN THE QR CODE
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FINANCIAL STATEMENTS
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AT YOUR CONVENIENCE!
Use Password: CVEC\$



INFORMATIONAL MEETING

Date: Thursday, September 7

McKinneys on Southside, Benson | More info will be mailed

CVAC DELIVERY SCHEDULES

FISCAL YEAR 2023 /2024

FIRST TO DELIVER

1 st Trimester	L
2 nd Trimester	C
3 rd Trimester	T

FISCAL YEAR 2024 /2025

FIRST TO DELIVER

1 st Trimester	U
2 nd Trimester	D
3 rd Trimester	M

FISCAL YEAR 2025 /2026

FIRST TO DELIVER

1 st Trimester	E
2 nd Trimester	V
3 rd Trimester	N

2022 NATIONAL AVERAGE RETAIL PRICES FOR E10 & E85



Source: RFA based on data from E85prices.com

The emergency fuel waiver announced April 28, 2023 by the U.S. Environmental Protection Agency will provide relief at the pump for American drivers this summer, while simultaneously reducing greenhouse gas emissions and tailpipe pollution. This announcement will allow lower-cost, lower-carbon E15 (gasoline containing 15% ethanol) to be sold during the summer driving season.

According to the EPA, "consumers can continue to use E15 without concern that its use in the summer will impact air quality."



E15 APPROVAL STATUS FOR U.S. LIGHT-DUTY VEHICLES

■ E15 approved by automaker in ALL models
 ■ E15 approved by automaker in SOME models
 ■ E15 approved by EPA only; NOT approved by automaker

AUTOMAKERS / MODELS	MODEL YEAR												MARKET SHARE *
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
BMW Group **													
BMW													2.5%
Mini													0.3%
Daimler Group (Mercedes-Benz)													2.6%
Ford Motor Co. (Ford & Lincoln)													14.5%
GM (Buick, Cadillac, Chevrolet & GMC)													16.2%
Honda Motor Co. (Honda & Acura)													7.8%
Hyundai Motor Co. (Hyundai, Genesis & Kia)													10.6%
Mazda													2.1%
Mitsubishi Motors Corp. †													0.7%
Nissan Motor Co. †													
Infiniti													0.3%
Nissan													5.3%
Stellantis (Alfa Romeo, Chrysler, Dodge, Fiat, Jeep, Maserati & RAM)													12.5%
Subaru §													4.1%
Tata Motors (Jaguar & Land Rover)													0.7%
Toyota Motor Corp.													
Lexus													2.1%
Toyota ‡													12.8%
Volkswagen Group #													
Audi													1.2%
Porsche													0.5%
Volkswagen													2.4%
Volvo Car Group													0.8%

Lorem ipsum

* Internal combustion engine models only.

** Approves the use of up to 25% ethanol blends.

† Approves the use of E15 in Outlander.

‡ Approves the use of E15 except in Titan, Kicks & QX80.

§ Approves the use of E15 except in 2.5L engines.

‡ Approves the use of up to 25% ethanol blends in Supra.

Approves the use of E15 except in Golf.

Sources: Auto manufacturers' owner's manuals, GoodCarBadCar.net

*Source: Renewable Fuels Association



COMMODITY COMMENTS

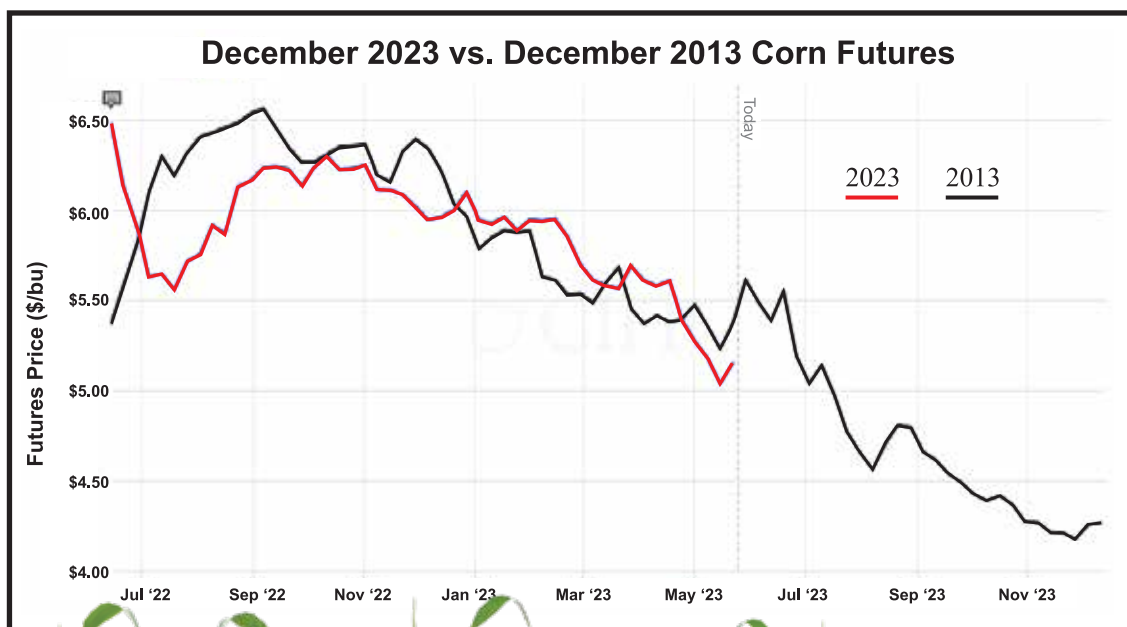
Brody Padgett
COMMODITIES
MANAGER

As I write this, local planting is wrapping up and we're now hoping for some meaningful rain. On the national level, planting season has been for the most part very smooth as well, with corn acres going in at a pace ahead of the five-year average and well ahead of last year's miserable pace. The lone exception being North Dakota, which lags its five-year average pace by 18% as of the week ending May 21, but is quickly making up ground. Overall, dry conditions

this spring across most of the country have made for an earlier than average planting season, but will soon become the market's focus as we enter the growing season, with regions in the corn belt still suffering lingering effects of last year's drought conditions.

Nationally, we got our first look at next year's balance sheet in USDA's May supply & demand report, and as expected the new crop corn carryout swelled to surplus territory at more than 2.2 billion bushels. Old crop demand has lagged projections as exports suffered at the hands of high prices and a very large Brazilian crop. We've also seen slower ethanol grinds in the drought-impacted areas of the Southwest corn belt as producers struggle to secure corn. Combine this with the current projection for more new crop corn acres and a trendline 181.5 bpa yield, and December 2023's corn chart has looked a lot like December 2013. Certainly, arguments can be made that some acres are still in jeopardy, and the USDA's 181.5 bpa trendline yield, which would be an all-time record by almost 5 bpa, may be a bit aggressive, but be careful not to get complacent if the market does bounce off recent lows on growing season concerns. Our local area has experienced dry starts, late plantings and generally less than ideal growing seasons in recent years and we've seen that heat and a couple of well-timed rains can produce impressive crops. Looking at CVEC's new crop corn purchases, they feel light to me this year, especially given the cost of production, so be prepared to make catch-up sales if the market provides opportunities in June. While we're likely not heading back to \$3 corn next year, the potential for a surplus corn crop and global macroeconomic threats means that \$6, and maybe even \$5 corn, may be hard to achieve in the coming year if this crop is realized.

Please feel free to call with any questions specific to shareholder delivery, or to discuss the various contracting options available to CVEC. Also, please note that sign-up for the Flexible Pricing Option for shareholder delivery next year will begin in mid-June. Sign-up information will be mailed out with Benson Corn Pool enrollments and will be due by August 1st.



Share ownership in CVAC comes with an obligation to deliver one bushel of corn to Chippewa Valley Ethanol Company (CVEC) for every one share owned, each fiscal year. Fiscal years run from October 1 to September 30.

While share ownership requires corn delivery, a shareholder maintains control over how and when to market their corn to the cooperative. CVAC provides the flexibility to tailor a marketing plan to fit your individual

needs, allowing share ownership to seamlessly integrate into your farming operation.

Shareholders can choose to deliver under the Flexible Pricing option, the Area Average Pricing option, or a combination of both. Regardless of the pricing option that you choose, all bushels delivered against your shareholder delivery commitment receive a freight premium and shares are eligible for any distributions declared by CVEC.

1 FLEXIBLE PRICING

Under the Flexible Pricing option, for every share that you have enrolled, you must market a bushel of corn to CVEC on the open market for the delivery period(s) of your choice, by whatever pricing mechanism(s) you choose (i.e., cash sale, basis only, HTA), within each fiscal year. In addition to the contract price that you establish, you will also receive a freight premium based on CVAC's freight schedule.

The Flexible Pricing option must be opted into by the individual shareholder, otherwise pricing and delivery will default to the Area Average Pricing and delivery structure.

2 AREA AVERAGE PRICING

The Area Average Pricing structure offers an average cash price based on almost two dozen area elevators and end user bids. This provides a competitive price based on local cash corn values and exposure to both processing and export markets.

Bushels enrolled in the Area Average pricing are called for delivery and average-priced in three separate installments (trimesters) throughout the fiscal year. Upon delivery, a shareholder receives a predetermined advance price along with their Freight Premium. At the end of each trimester, each shareholder will receive a true-up payment equal to the difference between the Area Average and the advance price.

FREIGHT PREMIUM

In addition to the contract price established, each bushel delivered against your shareholder delivery commitment will receive a Freight Premium.

Mileage	Rate/Bushel
0-10	\$0.05
11-15	\$0.08
16-20	\$0.09
21-27	\$0.10
28-33	\$0.11
34-47	\$0.13
48-60	\$0.15
61-68+	\$0.17





CHAIRMAN'S CHAT

David Thompson
CVAC CHAIRMAN

Spring was late in coming again this year. When it did come most of the crop went in fairly quickly in much of the CVAC membership area. Extreme rainfall caused planting delays for some farmers in the southern part of the CVAC territory.

On the good news side, the EPA recently announced an emergency waiver again this year to allow E-15 sales year around. This is good news for the ethanol industry, the retailers, and the consumers.

It avoids confusion at the pump and allows consumers the opportunity to save money on a cleaner burning fuel that is better for the environment during the summer driving season.

2023 is shaping up to be another solid year for CVAC. After a modest start to the year and the traditional lack luster performance in January and February, strong margins in March and April have brought our year to date income through April to over \$11,000,000. With the summer driving season approaching and Covid mostly in the rear view mirror we are optimistic about more good margins in the months ahead.

There is no new news to report on the carbon front. As we have indicated previously, we continue to be very interested in the Summit pipeline. Routing challenges and a number of other issues have slowed progress significantly from what was expected. We continue our due diligence so that when/if we sign on with Summit we know what we are getting.

The story for solar is similar to Summit. Gathering information and analyzing the cost/benefit data is taking longer than expected. At CVAC we never rush into anything. We only have one chance to get it right and we make every effort to do just that.

At CVAC we always continue to look at a wide array of potential projects and improvements to make our plant more efficient and profitable. We also continue to look at potential investments in other plants. Our track record over the years has been exceptional as we have built a nice portfolio of ownership in other plants that has brought a lot of income and value to CVAC. On all of our capital expenditures, internal and external, we try to take a long term view to attempt to visualize the impact to CVAC over the next 5 to 10 years and not to get too distracted over current fluctuating market trends.

The first week in September, as we have in the past, we plan to have a member information meeting to bring you up to date on all the latest events at CVAC and have some projections on what our year end income might look like.

Have a great summer!

We're always looking for individuals to be part of the CVEC team. Contact HR or visit www.cvec.com for job opportunities and to apply!

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CHIPPEWA VALLEY ETHANOL COMPANY
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Just Announced...

Renewable Fuels Month *Recognition*

News Release 5/15/23
Renewable Fuels Association
ethanolrfa.org

The resolution noted specifically:

- In 2022, more than 78,800 jobs in the United States were directly associated with the ethanol industry, with an additional 342,800 indirect and induced jobs supported across all sectors of the economy;
- The ethanol industry created \$34.8 billion in household income and contributed more than \$57 billion to the gross domestic product of the United States;
- Ethanol and feed co-product production provides a valuable market for United States corn, as a typical dry mill ethanol plant adds nearly \$2 of additional value to every bushel of corn processed;
- Ethanol use reduces greenhouse gas emissions by between 44 and 52 percent compared to gasoline, and, by displacing hydrocarbon substances like aromatics in gasoline, ethanol also helps reduce emissions of air toxins, particulate matter, carbon monoxide, nitrous oxides, and exhaust hydrocarbons; and
- In 2022, ethanol also helped protect the energy independence of the United States by displacing more than 600 million barrels of crude oil.

The Renewable Fuels Association thank Sen. Pete Ricketts (R-NE) and eight additional Senate colleagues for a resolution naming May as national Renewable Fuels Month, “to recognize the important role that renewable fuels play in reducing carbon impacts, lowering fuel prices for consumers, supporting rural communities, and lessening reliance on foreign adversaries.”

Joining Ricketts as resolution co-sponsors were Sens. Deb Fischer (R-NE), Tammy Duckworth (D-IL), Joni Ernst (R-IA), Chuck Grassley, (R-IA), Amy Klobuchar (D-MN), Roger Marshall (R-KS), Mike Rounds (R-SD), and John Thune (R-SD).

“We thank these renewable fuel supporters in the Senate for recognizing the important role that low-cost, low-carbon ethanol plays in improving both the economy and environment,” said RFA President and CEO Geoff Cooper. “Ethanol saves consumers money at the pump, helps clear the air, boosts national energy security, and supports jobs across the country. We are proud of the vital contribution the renewable fuels industry makes to our nation, and we are thrilled that, as a result of this resolution, ethanol and other biofuels will be celebrated every May.”

