



## GENERAL MANAGER'S MESSAGE

Chad Friese  
GENERAL MANAGER

In March, it felt like Spring would be here early. In April we hoped Spring would eventually arrive and here we are in mid-May and Spring has somehow snuck in quietly. Area farmers have had to be very persistent to accomplish what needs doing, and we appreciate your efforts.

CVEC takes an opportunity in the Spring to clean and refresh after a long winter, as it warms enough to allow for outdoor activities and for equipment to be shutdown for a quick spruce up without turning into a block of ice. Spring also provides the opportunity to look back at our first six months of operations to measure how we are doing and where we are going. Staff has done a great job again and has the plant in a great shape to finish Spring and head into Summer in a very strong position. We are in great financial shape, but have some recovery to finish up after much cash was spent last fall and winter towards investment and distributions. As stated last fall, CVEC will be doing a lot this Spring/ Summer to evaluate the plant and set a plan of action for future years with thoughts of efficient, low

carbon, reduced cost production and potential for growth. Already projects have been approved to increase corn oil extraction with some additional assets, and to simplify water treatment operations by utilizing a centrifuge for lime extraction to replace a labor and operating cost intensive press system.

Last Fall CVEC made investments in growth by procuring additional investment stake in all 3 of the Guardian Energy assets. We are seeing those benefits come through as additional income. The purchase may have us leaning a little heavy into outside investment though. Staff and Board are doing a lot of studying on what future growth and refreshment of aging assets locally can do to rebalance overall diversity and continue a bright future. With much focus on carbon intensity, overall efficiency, streamlined operations and assets that are mostly depreciated we look to the possibility of renewed assets with capacity and efficiency increases. Regarding carbon intensity, the CVAC Board continues to explore the possibility of solar as an effective and cost-efficient energy source. Staff also will focus on low carbon markets and Corn Kernel Fiber pathways to higher value west coast markets, and the continued focus by many states for similar programs which are also encouraging. We all know change is hard and there will be a lot of time

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### *What's Inside?*

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and discussion that leads any decisions on how best to set an ongoing course for the future, a bright future for ethanol.

As I have noted the last few newsletters, the ethanol industry has as strong of support as it ever has. EPA has set solid guidance and future usage, E15 has year-round support in our immediate market areas with pathways for national acceptance, Sustainable Aviation Fuel is a new and a promising market for the future, and ethanol - the original green fuel - continues to get greener. Initial guidance with GREET modeling suggests that continued efforts towards efficient production along with better measures on agricultural

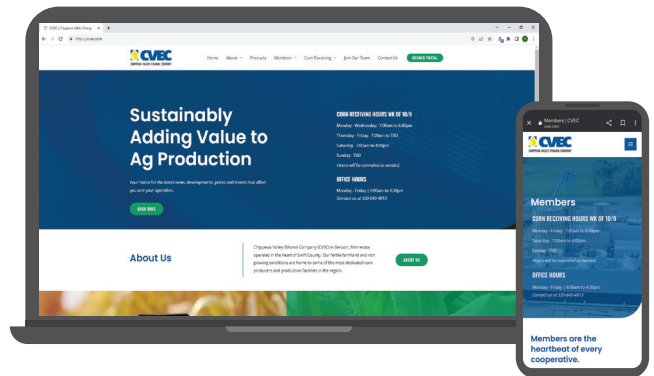
production will continue to facilitate more markets for ethanol to utilize. Don't get me wrong here, there are certainly challenges- capital, shifts in politics, a resurgence in electric car sales and support, but there are always challenges to overcome.

Please take a look at the included flier on RCPP, this will have limited availability for participation for our local area at the moment, but we would also like this to be an educational opportunity. A chance to engage with our local producers, and to set CVEC up to help educate our policy makers on what can be effective programs and tracking for the future. Future production, opportunities, and growth will be most effective with a team approach.

*We invite you to  
visit our new website!*

Go to [www.cvec.com](http://www.cvec.com) for:

- Shares for Sale
- Delivery Options
- Delivery Hours
- Grower Portal
- Company Financials
- Company Newsletters



## In commodity news....

### FLEXIBLE PRICING PROGRAM IS HERE TO STAY

Fiscal Year 2024 marks the final year of the two-year trial period for the Flexible Pricing Program offered to delivering shareholders. As a reminder, the Flexible Pricing Program offers the delivering shareholder the ability to choose when to price and deliver their corn delivery commitment to CVAC, versus the traditional Area Average +4 marketing and trimester delivery structure. Overall, we have been happy with the participation in the program and the administrative processes implemented to manage the grain accounting aspects of it. I believe that the additional flexibility it offers is a benefit to existing shareholders as well as an attractive marketing option to local producers who may be considering share ownership. For these reasons, the CVAC Board of Directors has approved offering the Flexible Pricing Program to delivering shareholders on an on-going basis. One change that will be implemented will be the elimination of the annual 'opt-in' requirement. Instead, shareholders will only be required to take action if they would like to change the enrollment amount versus the previous year. If you wish to leave your enrollment unchanged from year to year, no action will be required on your part. An enrollment letter for the FY 2025 Flexible Pricing Program will be mailed out in June (along with the BCP enrollment letter) outlining program specifics and required steps for new enrollments or changes. Please watch for this mailing, and don't hesitate to reach out to Sara Erdman or myself, Brody, if you have any questions specific to your account.

# SHAREHOLDER

Locate shares for sale & historical share sales on [www.cvec.com](http://www.cvec.com) under the 'Members' tab



## 3RD TRIMESTER PRICE ANNOUNCED.

The price for 3rd trimester of FY2024 will be \$3.30/bushel plus freight and equalization.

## DELIVERY NOTICES START WITH THE LETTER "T" FOR 3RD TRIMESTER FY2024

Delivery notices will begin with the letter "T" for the period beginning June 1, 2024. CVAC will be calling in 30% of total corn deliveries for 3rd trimester of 2024. Open delivery will continue and any shareholders who own 50,000 bushels or more will 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 1<sup>st</sup>. This is the time to remove or enter any bushels into BCP for FY 2025.

THE PRICE ADJUSTMENT ON 2ND TRIMESTER BUSHELS is estimated between \$0.35-0.40/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 TO FIND CVEC'S FINANCIAL STATEMENTS ONLINE ANYTIME AT YOUR CONVENIENCE!  
Use Password: CVEC\$



## INFORMATIONAL MEETING

Thursday,  
September 5, 2024  
McKinneys on Southside, Benson  
More info will be mailed



## CVAC DELIVERY SCHEDULES

### FISCAL YEAR 2025

10/1/24 - 9/30/25

#### FIRST TO DELIVER

1 <sup>st</sup> Trimester	U
2 <sup>nd</sup> Trimester	M
3 <sup>rd</sup> Trimester	D

### FISCAL YEAR 2026

10/1/25 - 9/30/26

#### FIRST TO DELIVER

1 <sup>st</sup> Trimester	E
2 <sup>nd</sup> Trimester	V
3 <sup>rd</sup> Trimester	N

### FISCAL YEAR 2027

10/1/26 - 9/30/27

#### FIRST TO DELIVER

1 <sup>st</sup> Trimester	O
2 <sup>nd</sup> Trimester	F
3 <sup>rd</sup> Trimester	P

# Maximizing the Climate Benefits of Agriculture



## Multi-Grainshed RCPP Expansion

The United States Department of Agriculture's (USDA) Natural Resource Conservation Service (NRCS) recently approved a \$25 million investment in the American Coalition for Ethanol (ACE)-led Regional Conservation Partnership Program (RCPP) expansion that builds on the successful South Dakota-based project announced in 2021 to unlock corn ethanol access to clean fuel markets and new tax incentives, such as the 45Z clean fuel production credit, based on the adoption of climate-smart agricultural practices which reduce greenhouse gas (GHG) emissions.

The new RCPP funding will help farmers adopt reduced tillage, nutrient management and cover crops on nearly 100,000 acres across 167 counties surrounding 13 ethanol facilities partnering with ACE to implement the project in the 10-state region of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin. The sites were strategically chosen to provide the project's scientific team with statistically significant data regarding the GHG effect of conservation practices in different soil types and climates.

### Attention Farmers:

**Save the Date  
& RSVP**



**Tuesday  
JULY 9  
at 11:00 AM**



Scan the QR code and fill out a simple form to RSVP for the meeting by **July 1**. Alternatively, please contact Sara or Claire at the CVEC office to register: 320-843-4813



**Meeting  
Location**

**McKinneys on Southside  
300 14th St S  
Benson, MN 56215**

Join us to learn how to enroll in a program to compensate farmers for adoption of conservation tillage, nutrient management and cover crop practices. Lunch will follow.

**REGIONAL CONSERVATION PARTNERSHIP PROGRAM (RCPP)**



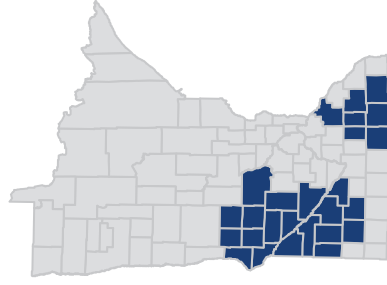
# Minnesota Backgrounder

## MULTI-STATE RCPP

### American Coalition for Ethanol (ACE) Regional Conservation Partnership Program

#### OBJECTIVES

- 5-year contracts with farmers in eligible counties to adopt approved conservation practices
- Work with technical team led by land-grant university to measure and verify the GHG benefits of the practices
- Empower farmers and ethanol producers to earn higher tax credits and premium prices in clean or low carbon fuel markets based on the conservation practices



#### ELIGIBLE COUNTIES

Big Stone, Brown, Chippewa, Cottonwood, Dodge, Douglas, Fillmore, Freeborn, Grant, Kandiyohi, Lac Qui Parle, Lincoln, Lyon, Mower, Murray, Olmstead, Pope, Redwood, Renville, Stevens, Swift, Traverse, Yellow Medicine

**TO SCHEDULE A CALL TO LEARN MORE**



<https://forms.gle/u8Y1TpaK93pKbzKu6>

Practice Type	RCPP Payment Rate
No-Till/Strip Till (from Conventional Till)	\$61/acre
No-Till/Strip Till (from Reduced Till)	\$39/acre
Reduce Till (from Conventional Till)	\$22/acre
Nutrient Management ("4R")	\$40/acre
Cover Crop	\$54/acre
"Early Adopter" Management Fee	\$2,500/year

#### MINNESOTA PARTNERS



**FOR MORE INFORMATION**  
[ethanol.org/usda-rcpp](https://ethanol.org/usda-rcpp)



## COMMODITY COMMENTS

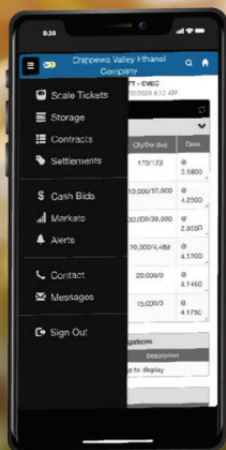
Brody Padgett  
COMMODITIES  
MANAGER

What a difference a year makes. Looking back at my article from last summer's newsletter, at the time the local area had wrapped up planting, the nation as a whole was well ahead of the average pace, and all of us were hoping for some much-needed rainfall. Fast forward to this year and although the majority of local corn acres have been planted, it was only thanks to producers working long hours and pushing hard to get acres in between rain events. As I'm typing this, our

rain gauge here at the plant has just surpassed 3" of rain today alone. Much of the U.S. corn belt has been a similar story to ours this spring as well, but so far, the nation as a whole has managed to maintain average planting pace on corn.

Nationally, the May USDA Supply & Demand report was just released and next year's carryout is once again projected to be north of 2 billion bushels, which is a very comfortable surplus and a slight increase versus the old crop balance sheet. Planting intentions this year were surveyed at 90 million acres of corn with many market participants expecting to see something higher than this eventually get planted. Given the generally wet spring across the corn belt, and forecasts for delays during the last half of May, I think it is currently likely that final planted acreage doesn't significantly surprise to the upside. National average yield was estimated to be 181.0 bushels per acre (bpa), which would best last year's all-time record high yield by almost 4 bpa. This may sound like an aggressive yield, but the nation will also be planting 5 million fewer acres of corn this year, likely removing less productive acres. We've also seen it both locally and nationally over the past several years that even through adverse growing conditions, the corn hybrids today have enormous yield potential. Overall, the May Supply & Demand report was certainly not bullish, but it was significantly less bearish than the market had expected. This, combined with an average to slightly below average planting pace and generous new crop demand estimates, means that the market will at least have to take note of any hot and dry issues that may develop in June or July. If seasonal weather threats provide marketing opportunities, be prepared to take advantage of it by having pricing objectives identified or sell orders in place at your favorite local ethanol plant. Weather led rallies can materialize quickly, and fall apart even quicker.

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.



## CVEC's Grower App

**Your corn delivery information at your fingertips.**

- Review scale tickets
- Access settlements
- See cash bids
- Check remaining bushels to haul on contracts
- Review and eSign contracts
- Access data for annual tax and crop insurance reporting
- Export information to Excel
- Generate and print reports from the desktop version

Contact our Commodities Department at 320-843-4813 to gain access and set up your app.



## CHAIRMAN'S CHAT

Harmon Wilts  
CVAC CHAIRMAN

Thank you, Dave Thompson, for your 22 years on the board and 10 great years as board chairman. CVEC is in a very good place because of Dave's steady leadership and futuristic approach. Enjoy your retirement. Thanks Dave.

As we write this letter 98% of the corn is planted and most of it is emerging very well. Good sign that we will have corn to run the plant for the coming year. Hopefully we have good weather to give a good quality corn as it really helps the plant be more efficient and make better quality products.

As we look forward there are several opportunities for us to consider that will have a large impact on the plant and profitability over the next 1-10 years. Some opportunities are things we can control and others we can't. Some of the big ones that we can't control but can have some influence are; Summit Carbon Pipeline, E15 year around, SAF (Sustainable Aviation Fuel), political elections, GREET model, and Carbon Index scores. These opportunities will all have large impacts on the industry. Four of your CVEC board members participated in the ACE (American Coalition of Ethanol) Washington DC Fly-in in March talking to legislators about the above topics. CVEC is a member of three main organizations that are working to accomplish many of the topics important to the industry: American Coalition for Ethanol, Renewable Fuels Association and Minnesota Biofuels Association, as well as several of the Ag groups.

There are several important topics that the Board, Management and Staff focus on such as running the plant more efficient, adding Solar to cut power cost, helping expand the plant, focusing on reducing our

CI Score on all fronts- mostly at CVEC and at the farm level. We are investing time into looking how to grow the plant here at Benson which would do many valuable things for us. Some of those items are spreading cost over more gallons to reduce cost per gallon and make CVEC more profitable over time. This will help upgrade some of the old equipment that needs replacing over the next few years. As we grow the plant, we can put more focus on GGS to help drive more revenue. One other advantage is CVEC would need to purchase more corn which in turn would increase the basis giving the farmer more per bushel. Additional profits would be better for you as shareholders, as well.

Another major factor is our outside investments. They have continued to perform very well. Between CVEC, GGS and outside investments our future looks quite bright. However, if we are going to position CVEC for long-term success we will need to use some of the profits for future modifications and growth of the plant.

I also want to comment on the fact that we have a very good board that is focused on CVEC, as well as the Shareholders as we continue to move forward. We have one of the best Management teams and staff in the country.

We look forward to seeing everyone at the September 5th informational meeting held at McKinneys in Benson.



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## Board of Directors

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Secretary, District 1

**Richard Syverson**

District 1

**Greg Fynboh**

District 1

**Tom O'Leary**

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**Chuck DeGrote**

Vice President, District 3

**Dan Benson**

Treasurer, District 3

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District 2

**Roger Longhenry**

District 3



CHIPPEWA VALLEY AGRAFUELS COOPERATIVE

