



CHIPPEWA VALLEY ETHANOL COMPANY



Fall 2024



Chad Friese,
GENERAL
MANAGER

GENERAL MANAGER'S MESSAGE

As we close out the 2024 operating year and prepare for cold weather, I want to take this opportunity to acknowledge the tremendous efforts of our CVEC staff. Their dedication positioned our plant to finish the year strong, and we are now preparing for the challenges and opportunities that lie ahead.

We are happy to report that CVEC remains in a robust financial position. Throughout the year, we made significant investments in evaluating growth initiatives, and future strategic projects focused on efficiency, renewal, and growth. As we look ahead, the staff and Board remain focused on diversifying our approach to growth while exploring options for refreshing aging assets. Our emphasis on carbon intensity, overall efficiency, and sustainability will guide our initiatives into the new year. Projects currently under way that will be completed in our first trimester should provide

additional Distillers Corn Oil production, and streamline water treatment with a lime centrifuge replacing the labor and cost prohibitive lime press system. These significant advancements in our operations will reduce costs and increase revenue streams.

In line with our goals for sustainability, the CVAC Board continues to explore solar energy solutions as a cost-effective means of powering our operations. Exploration is also underway towards the potential for a steam to electric turbine to potentially reduce electrical demand from the grid. These are a couple of the bigger opportunities as we pursue growth in low carbon markets and innovative pathways for Corn Kernel Fiber, tapping into

high-value west coast markets amid growing state programs encouraging sustainable practices. Working toward refreshing assets, much time and effort has been dedicated to exploring new distillation processes that reduce energy usage, and provide potential for measured growth in production. Investments continued strong performance in 2024. Our increased investment in the Guardian assets, and the benefits we anticipated from this move are beginning to materialize, providing additional income and reinforcing our strategy. Ringneck Energy has made a very strong recovery from last summer's incident and lost production. Strong operations and solid income have allowed Ringneck to pay off all initial construction financing, buy back some shares from initial short term investors and retire them. This then condenses the ownership group and increases CVEC's overall share in the rebalance.

We understand that change can be challenging, and as we prepare for the new year, we are committed to ensuring that every decision reflects our shared goals and vision for the future of ethanol. We invite all shareholders to participate in the ongoing conversations that will shape our strategies and aspirations going forward.

We sincerely appreciate the encouragement and support from our shareholders throughout the year. Let's continue building on this momentum as we move into 2025 and beyond. I look forward to the annual meeting in January and the opportunity of sharing a clearer pathway to our potential future as we continue to gather data and explore possibilities until then.

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Chairman's Chat

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SHAREHOLDER INFO...

1st TRIMESTER PRICE ANNOUNCED.

The price for 1st trimester of FY 2025 will be \$3.40/bushel plus freight and equalization.

DELIVERY NOTICES START WITH THE LETTER "U" FOR 1st TRIMESTER.

CVAC will be calling in 35% of corn deliveries for 1st trimester of 2025. Open delivery will continue in place and any shareholders who own 50,000 shares or more will continue to have two weeks in which to deliver your corn.

Reminder of the ALTERNATE DELIVERY AGREEMENT opportunity for corn deliveries at CVEC. Please call the CVEC office to discuss details.

Please remember to sign and return DEFERRED SETTLEMENT CONTRACTS within 30 days of delivery.

The TAX PLANNING LETTER will be sent out to shareholders beginning of December.

The BENSON CORN POOL is showing a loss of approximately \$0.14 per bushel based on unaudited financial statements. The funding decision of this loss will be determined at the BCP November board meeting.

FINANCIAL STATEMENTS are found on our website using password CVEC\$



CVAC ANNUAL MEETING
Tuesday, January 21, 2025
McKinneys on Southside, Benson



FISCAL YEAR 2025

(10/1/24 - 9/30/25)

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

FISCAL YEAR 2026

(10/1/25 - 9/30/26)

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



Brody Padgett,
COMMODITIES
MANAGER

COMMODITY COMMENTS

As I write this, harvest 2024 has come to end for almost all local producers. I'm not sure many would have predicted in August that harvest would wrap up with several days to spare in October, but above average September temperatures and virtually no rain for the past 60 days allowed the

corn crop to catch up quickly. At CVEC, our harvest unloads averaged 58.1 lb test weight and 14.5% moisture with many producers hauling directly out of the field. Yield reports in our area were somewhat variable, but most producers were pleased overall. CVEC should have a good supply of high-quality corn to work with in the coming year.

On the national level, US farmers have nearly finished harvesting what is likely an all-time record yielding corn crop (183.8 bpa), and second only to last year in terms of total production. In anticipation of another large crop, corn prices traded to almost \$1.50/bu below last harvest's prices when they hit recent lows. The good news is that low prices have continued to attract demand both domestically and in the export markets. Currently the USDA is projecting near record domestic corn demand for the coming year, and exports are also expected to be strong. Given the strong demand and completion of harvest activity, corn futures prices are probably on pretty solid ground at these levels, but a meaningful breakout to the upside isn't likely without a South American weather threat materializing this winter. Locally, although corn production was better than we may have hoped for, I think for the most part we've harvested an average crop for our area. This, combined with good export demand and a poor Southern Minnesota crop, will likely keep local basis levels firm heading into winter as elevators and processors fight for corn ownership.

As always, please feel free to reach out to Sara or myself with any contracting questions, or to get set up with the CVEC customer online portal or mobile app. Thank you all for a successful past year and we'll look forward to Fiscal Year 2025.



CHIPPEWA VALLEY AGRAFUELS COOPERATIVE

Director Nomination Procedures

Fiscal Year 2025

ALL NOMINATIONS OF PERSONS TO STAND FOR ELECTION AS DIRECTORS WHICH ARE MADE BY MEMBERS OF Chippewa Valley Agrafuels Cooperative MUST COMPLY WITH THE BELOW REQUIREMENTS

NOMINATION NOTICES MUST BE RECEIVED BY CVEC NO LATER THAN 4:30PM ON DECEMBER 6, 2024

One or more nominees for director positions up for election may be named by a nominating committee established by the directors. Additionally, any member who is entitled to vote in the election of directors may nominate one or more persons for election as directors only if written notice of nomination or nominations (a "nomination notice") has been given, either by personal delivery, email or by United States mail, postage prepaid, to the CVEC office no later than the time set forth by nominating committee. A nominee shall only be duly and validly nominated if such nominee qualifies for election to the seat to which such nominee is nominated, were such person elected.

Please inform the CVEC office on or before 4:30pm on December 6, 2024 of any nomination notice. You may do so by phone, email or U.S. mail.

CVEC MAIN OFFICE
270 20th St NW
Benson, MN 56215
Email: cgoff@cvec.com
P: 320-843-4813

If you would like to nominate someone to stand for election as a director for the upcoming fiscal year 2025, please comply with the above requirements. The nominating committee of CVAC will review all nominations to assure compliance with CVAC bylaws. The nominating committee reserves the right to modify the rules and procedures at its discretion.

OPEN SEATS ACCORDING TO DISTRICT

District 1: 1 open seat (3 year term) - Jan Lundebrek, incumbent

District 2: 1 open seat (3 year term) - Harmon Wilts, incumbent

District 3: 1 open seat (3 year term) - Open Seat



Harmon Wilts,
CVAC
CHAIRMAN

CHAIRMAN'S CHAT

As you read this newsletter the 2024 harvest is complete. Overall corn yields were better than expected, dryer than normal and good test weight. Quality corn is very good for our ethanol production. With the above average corn crop it is great to have CVEC. Without CVEC, think of what the price of corn would be. Good for farmers, good for our employees, good for our communities and good for all you shareholders.

Since our last newsletter we owed nearly 8 million dollars from the purchase of the KAPPA shares. Based on our CVEC plant and our outside investment gallons we were able to pay off the debt and have some cash in the bank as we speak. As you know we didn't pay a dividend last spring. The Board felt it was more prudent to pay off the debt with the higher interest rates versus borrowing more to pay a dividend.

In paying dividends this fall Management and the Board will look at several factors of which some include, cash on hand, K-1 tax statement estimates, near term projects, audit, budget projections for next year as well as where we see the industry going. The final decision will be made at the November board meeting.

As we look to the future there are a great deal of opportunities for our industry. It is great that CVEC is diversified with fuel, industrial grade alcohol, corn oil, distiller's grains, and organic alcohol. We are now starting to generate additional revenue from projects like corn kernel fiber. Finding ways to lower our Carbon Intensity (CI) score is a big deal to capture tax credits and revenue from the infrastructure bill passed by Congress. Some of the tax credit terms you will hear about are 40B, 45Z, 48C, etc. There are additional markets paying more for lower CI score as well. Lowering carbon score really comes down to two approaches: the first being what can we do at the plant to lower our energy use as well as produce more gallons; the second is farmers bringing in lower CI corn to the plant.

This year CVEC staff and your board have been learning and studying the possibilities that are out there as well as doing some engineering studies for plant improvements to put the plant in a great position to be a leader in the ethanol industry and to prosper now and in the future. We look forward to sharing the future path for CVEC over the next few months.

Thanks to our team at CVEC- the plant has run very well this year. We have one of the best management teams, staff and board in the country. Please put January 21, 2025 on your calendar for our annual meeting in Benson.



CHIPPEWA VALLEY ETHANOL COMPANY

270 20th St NW | Benson, MN 56215



An opportunity for low CI ethanol



What is Sustainable Aviation Fuel? (SAF)?



Sustainable aviation fuel (SAF) is a renewable alternative to conventional jet fuel that could be used in today's aircraft and immediately improve the environmental impacts of flight.

Corn ethanol is a readily available feedstock for SAF production. Ethanol-to-jet is a type of SAF that would serve as a new market for the mature corn ethanol industry in the future – as well as for the farmers who grow the feedstocks. Some benefits include:

Extra revenue for farmers: Selling feedstocks to SAF producers open markets.

Cleaner air: SAFs contain fewer aromatic components meaning lower emissions of harmful compounds during take-off and landing.

Infrastructure compatibility: SAF is a drop in fuel meaning it can be used in existing aircraft and airport infrastructure.

Potential to expand U.S. manufacturing: Producing SAF creates jobs in construction of biorefineries, as well as manufacturing job to operate SAF biorefineries.

Nearly 20 million gallons of SAF was produced in 2022. U.S. airlines consume about 17.5 billion gallons of jet fuel per year.