12.17.24

45Z IRA Guidance

Most-recent Rulemaking News & Update

incite.ag

Potential Scenarios for new Administration *(source Growth Energy)*

45Z Implementation

1. Trump admin allows a Biden proposed rule/guidance to stand (does nothing)

2. Trump finalizes a proposed Biden admin rule with major changes

3. Scrap proposed Biden rules & start new

4. Scrap proposed Biden rules and do nothing, leaving taxpayers in limbo

45Z Implementation Timeline - Best Case

Today

Guidance undelivered

Jan 3

New Congress Sworn in

Jan 20

Trump Inauguration

Spring '25

*Announcement of finalized proposed guidance and/or changes

***Today* - Jan 19**

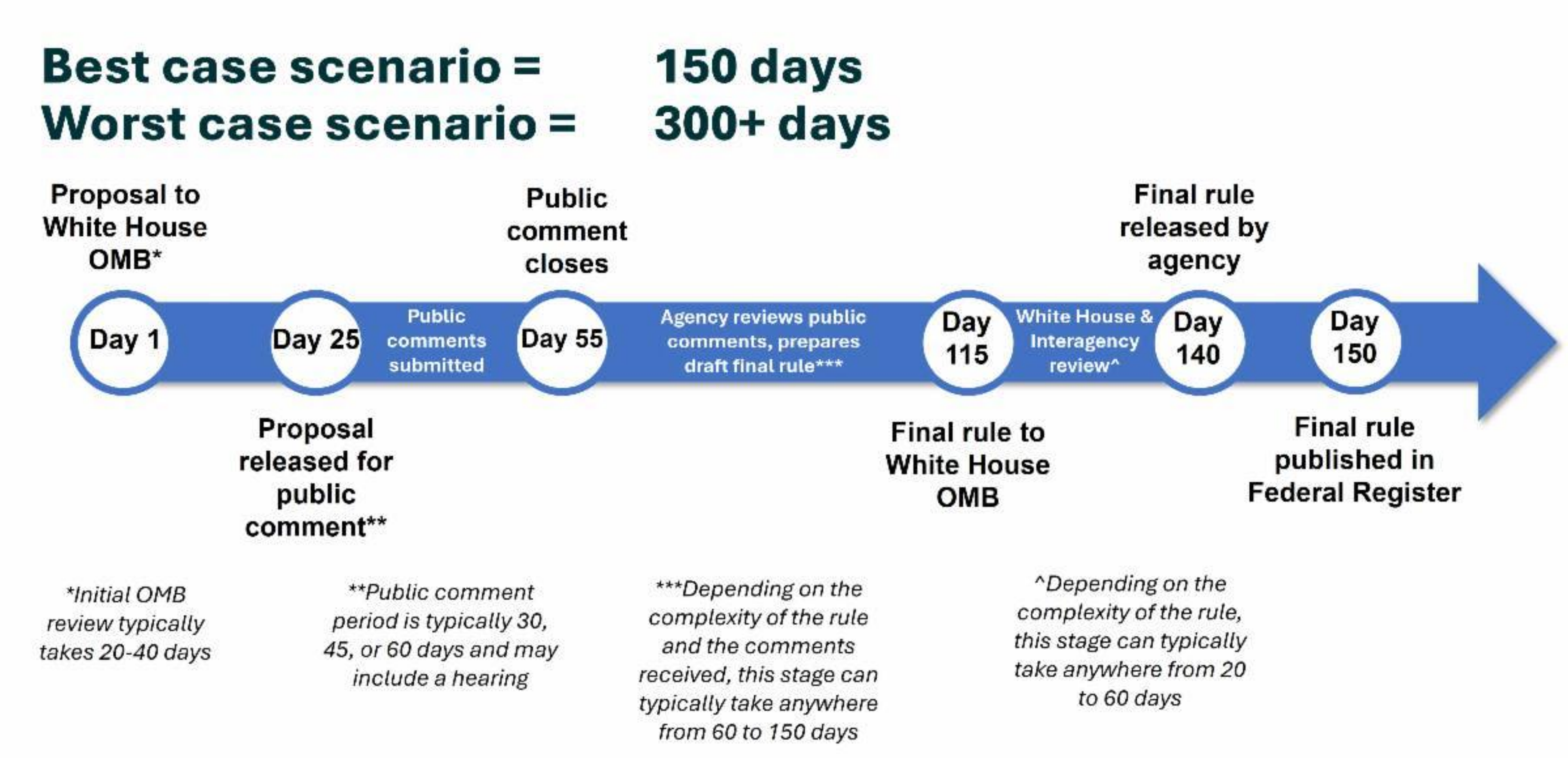
*Biden USDA and/or Treasury release preliminary / proposed 45Z Guidance

June - November '25

*Treasury release of guidance if Biden rules scraped and starting from "scratch"

Denotes implementation estimates

Typical Federal Rulemaking Timeline *(source RFA)*



Typical Federal Rulemaking Timeline *(source Growth Energy)*

Carbon Capture and Sequestration

Allow ethanol CI reductions from carbon capture technology

- ✔ 40B GREET model recognizes a carbon reduction value of 33.4 CI points for corn starch alcohol-to-jet SAF that captures fermentation carbon
- ○ Ensure 45Z contains similar CCS recognition

Energy Use and Process Heat at Ethanol Plants

Recognize more at-the-plant carbon reduction practices

- ✔ 40B uses GREET to set its carbon reduction values
- ✔ CI reductions from clean hydrogen, landfill RNG, and wind/solar electricity
- ○ Additional low CI technologies to reduce or eliminate natural gas usage, including combined heat and power, corn stover to process heat, energy storage, and vapor recompression
- ○ Additional sources of low CI electricity, including nuclear, geothermal, hydropower, and biomass power

Decarbonizing Agriculture

Unbundle CSA practices and recognize more

- ✔ First carbon model to recognize farming practices a means of reducing CI
- ○ Practice-by-practice recognition of climate smart agriculture
- ○ Expanded list of climate smart agriculture practices
- ○ Recognition of all bioethanol plants and feedstocks (corn wet mills, sorghum, corn kernel fiber)



Current incite.ag *estimate* on IRS 45Z Rulemaking

- Preliminary guidance **WILL be released** by Biden administration before January 19th
- Moderate uncertainty through Q1 and possibly Q2 on Trump administration direction for long-term implementation
- GREET Based, feedstock-eligible scoring method
- Book-and-Claim approach
- CCS, landfill RNG, & renewable electric included
- Unrelated third party verification requirement

ALL NOTES ABOVE REFLECT ESTIMATES AND INDUSTRY AGGREGATIONS

Thanks

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