

IL Corn – Ethanol 2026



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Overview:

Ethanol demand is stagnant while corn yields increase, leading to financial losses for farmers. Policies like the year-round E15, high octane fuel legislation, and incentives for maritime and Sustainable Aviation Fuel (SAF) must be advanced.

Main Points:

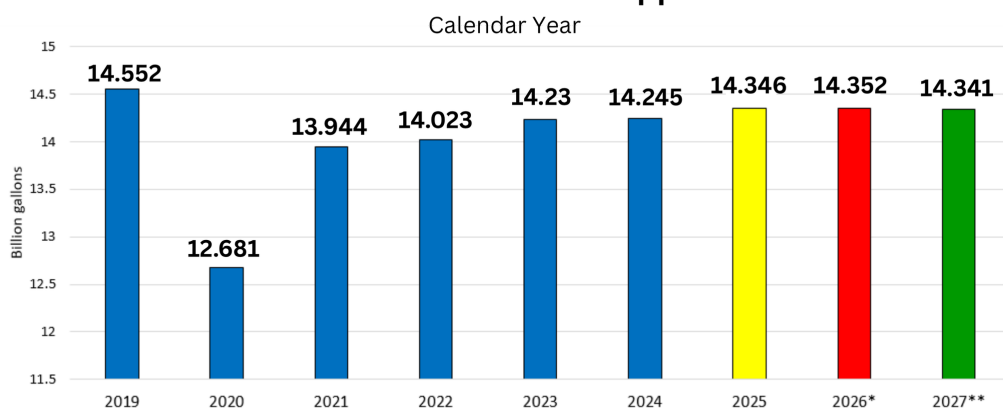
- Increasing Ethanol Demand in Light-Duty Vehicles is Critical
- Year-Round E15 Passing in the Senate
- 45Z Clean Fuel Production Tax Credit
- Maritime
- Sustainable Aviation Fuel (SAF)

Increasing Ethanol Demand in Light-Duty Vehicles is Critical

- 27% of corn produced in Illinois is used to produce ethanol
- Ethanol demand is stagnant, creating a negative impact on corn prices
- Ethanol is an essential part of the fuel system and helps provide a home-grown solution to international oil market volatility

What Has Happened to Ethanol Demand?

U.S. Domestic Ethanol Disappearance



Source: USDOE, EIA, STEO, June 2026 projection

EIA data released in early March 2026 confirmed that domestic usage of ethanol in 2025 was 14.34 billion gallons. While up slightly from 2024, growth projections are essentially flat, helping confirm the outlook for the market and need for public policy that helps simulate ethanol usage.

Congress Can Help!

Consumer and Fuel Retailers Choice Act (year-round E15) legislation (S. 593 / H.R. 1346)

- H.R. 1346 passed in May 2026, allowing E15 to be sold year-round and changes the small refinery exemption under the Renewable Fuel Standard
- Senate is debating the legislation and looking for a legislative vehicle
- Senate must act — EPA's current year-round E15 access relies on a series of rolling emergency waivers, not permanent law or solution
- Year-round E15 access has broad support, but small refinery exemption (SRE) language continues to have opposition from some oil refiners

High Octane Fuel Legislation

- Ethanol provides octane in fuel. Encouraging the utilization of higher ethanol blended fuels—E20+—enables car manufacturers to design engines to realize the benefits of higher-octane fuels
- Benefits the consumer with better mileage, lower emissions and costs and ensures future demand for U.S. biofuels

45Z Clean Fuel Production Tax Credit

- Administration must include both conservation practices and reasonable accounting systems for farmers to further lower carbon intensity (CI) scores and meaningfully benefit from the credit
- Move USDA rulemaking on ag practices from the USDA to the Office of Management and Budget, to be quickly adopted by the Department of the Treasury
- Congress should reinstate the sustainable aviation fuel (SAF) premium of \$1.75 per gallon with 45Z, per the Securing America's Fuels Act
- Ethanol production facilities can integrate Carbon Capture and Storage (CCS) technology to further reduce their carbon footprint and produce fuel with near zero net emissions
- CCS is critical for corn industry to take full advantage of tax credits and access the SAF market

Maritime

- Maritime industry consumes 92+ billion gallons of fuel annually – massive untapped market for U.S. ethanol
- Shipping accounts for 2–3% of global GHG emissions, with almost no use of low-carbon fuels at scale
- Ethanol can be used as a maritime fuel under the IMO code and is a lower-carbon drop-in replacement for methanol, which is already in use
- Brazil's corn ethanol has already cleared an IMO regulatory step as the first biofuel with an IMO-approved carbon footprint for marine transport use
- An ISO quality standard for ethanol as a marine fuel is actively under development — mirroring the marine methanol standard finalized in 2024; once in place, it will establish the commercial framework needed for ports and bunker suppliers to begin transacting on U.S. corn ethanol at scale
- The IMO's Net-Zero Framework — which would set mandatory GHG fuel intensity limits for large ocean-going vessels — is now scheduled for a revote early in December of 2026

Sustainable Aviation Fuel (SAF)

- The U.S. consumed 25.4 billion gallons of jet fuel in 2025; global consumption totals roughly 100 billion gallons annually
- SAF production in 2025 represented only 0.6% of total jet fuel consumption and is projected to reach just 0.8% in 2026 — supply is nowhere near demand
- There are 0 gallons of U.S. corn-based ethanol used for SAF production today; U.S. corn is the only feedstock with sufficient scale to meaningfully change that

OBBBA Changed the SAF Landscape

- The One Big Beautiful Bill Act (OBBBA) extended 45Z two years through 2029 but lowered the SAF rate to \$1.00/gallon beginning in 2026, eliminating the previous \$1.75/gallon SAF provision
- The OBBBA removed ILUC from the 45Z carbon intensity calculation — a win for corn ethanol that lowers CI scores and improves competitiveness
- The 50% carbon intensity reduction threshold still blocks most corn ethanol plants from qualifying as SAF feedstock; Congress should consider lowering that threshold to 30%

Policy Fixes to Unlock Corn-Based SAF

- Reinstate SAF \$1.75 /gallon credit within 45Z to restore investment incentives for alcohol-to-jet production
- Lower the GHG reduction threshold from 50% to 30% — at 30%, practically all U.S. ethanol plants could qualify as SAF feedstock through investment in efficiencies and carbon reduction technologies
- Extend 45Z beyond 2029 to provide the long-term certainty needed to attract capital investment in SAF production
- Currently, only about 12% of ethanol plants can produce ethanol with a Carbon Intensity score low enough to qualify as a feedstock for SAF