COMMENTS OF

THE 25x’25 ALLIANCE

On the U.S. Environmental Protection Agency’s
Notice of Availability of Supplemental Information

Renewable Fuel Standard Program:
Standards for 2018 and Biomass-Based Diesel Volumes for 2019;
Availability of Supplemental Information and Request for Further Comment

Docket ID No. EPA-HQ-OAR-2017-0091

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The 25x’25 Alliance is a diverse, grassroots national alliance of nearly 1000 agriculture, forestry, conservation, business and environmental organizations working collaboratively to advance the goal of securing 25 percent of the nation's energy needs from renewable sources by the year 2025.

Having previously expressed disappointment in the Environmental Protection Agency’s (EPA) apparent pursuit of reductions of advanced biofuels and total renewable fuel volumes under the Renewable Fuel Standard (RFS) program, we now offer our comments in response to the EPA’s most recent proposal. The RFS has been an important tool for rural economic development and emissions reductions, and it has been a cornerstone policy in our nation’s effort to reduce our dependence on foreign oil.

In its July 21, 2017, notice of proposed rulemaking, the EPA proposed to reduce the advanced biofuel and total renewable fuel volumes from the levels finalized in 2017, which would fail to meet the congressionally established biofuel blending requirements for 2018. EPA’s latest proposal continues to demonstrate a missed opportunity for economic development in rural America, and squanders a chance to move towards a more diversified energy future. We also see it as a failure to recognize the ability of achieving significant greenhouse gas (GHG) emission reductions through the use of biofuels including biodiesel and advanced biofuels.

Congress created the RFS to:

- Reduce the risk of investing in renewable biofuels by establishing a predictable market for biofuels for a projected period of time;
- Enhance U.S. energy security via the production of liquid transportation fuels from renewable, domestic feedstocks;
- Decrease reliance on imported fossil fuels;
- Provide an additional source of demand for U.S. agricultural commodities and drive agricultural and rural economic development;
- Increase rural incomes and rural employment opportunities;
- Ensure environmental benefits of renewable biofuels over fossil fuels; and
- Respond to climate change concerns, as agricultural-based biofuels emit lower volumes of direct GHGs as compared to fossil fuels.

Current Proposal

Per the recent Availability of Supplemental Information and Request for Further Comment, the EPA appears to be seeking justification to further reduce the total renewable fuel volume requirement for 2018, as well as the biomass-based diesel volume requirement for 2019. The EPA is entertaining this proposal based on the influence that the expiration of the biodiesel tax credit may have on blended biodiesel prices, as well as the recommendations included in the preliminary determination by the Department of Commerce that it would be appropriate to place countervailing duties on imports of biodiesel from Argentina and Indonesia which may impact domestic biodiesel volumes.

The EPA has previously stated that it does “not see any significant marketplace impediments that are likely to prevent the supply of 2.9 billion gallons of biodiesel and renewable diesel in 2018.”¹ The volume of biomass-based diesel for 2018 was previously set at 2.1 billion gallons.² The EPA has already proposed a volume of 2.1 billion gallons of biomass-based diesel for 2019. Therefore, the

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¹ Federal Register / Vol. 82, No. 139 / Friday, July 21, 2017 / Proposed Rule / Page 34234
² The 2018 biomass-based diesel volume requirement was established in the 2017 final rule (81 FR 89746, December 12, 2016).
EPA should avoid the use of its “general waiver authority” and not apply its previous misinterpretation of the “inadequate domestic supply” waiver provision as a pathway to reduce renewable fuel volumes.

The 25x’25 Alliance urges EPA to stand with the RFS as enacted under the Energy Independence and Security Act (EISA) of 2007 and propose volumes that will encourage greater investments in biomass-based diesel as well as cellulosic biofuels. Further reductions to the proposed 2018 renewable fuels volume targets and 2019 biomass-based diesel volume will cause numerous unintended impacts that run at cross-purposes with Congress’s above-mentioned public policy goals.

We feel the EPA is being baited (perhaps intentionally) by petrochemical and fossil fuel refiners to accept a definition of “inadequate domestic supply” that would serve no purpose other than to paralyze growth in U.S biofuel markets, slow investment in blending infrastructure and leave stranded investments in advanced biofuels – especially biomass-based diesel. To interpret the “inadequate domestic supply” in a way that helps obligated parties reduce blending volumes runs counter to the spirit of EISA of 2007.

**Biomass-based Diesel Volume for 2019**

Biomass-based diesel can be derived from a wide range of feedstocks, and produced through different technologies that consistently brings high-quality biodiesel and renewable diesel to consumers. The biomass-based diesel industry has expanded markets for farmers and livestock producers, as well as created new jobs and economic growth, particularly in rural America. EPA’s July 2017 proposal to maintain current volume standards should be honored despite the efforts of biofuels opponents to plant doubt and uncertainty in the biomass-based diesel market. Furthermore, failing to increase biomass-based diesel utilization requirements for 2019, sends a negative signal to an industry that already has underutilized production capacity, but is capable of quickly bringing that existing capacity back online.

**Conclusion**

As outlined above, failing to put the RFS on an aggressive track that fulfills congressionally mandated renewable fuel volumes, has unfavorable repercussions that will be felt by farmers, landowners, biofuel producers, rural communities, small businesses, and state and local governments. The lack of strong support for biofuels will also have adverse repercussions on our national security, environmental and public health, as well as clean-tech investors and fuel consumers. Only the oil sector will enjoy economic returns as they increase their share of the market.

The 25x’25 Alliance urges EPA to follow the course that Congress set in its commitment to the biofuels sector, which promotes market stability and spurs innovation. Efforts to thwart the RFS and reduce obligated volumes, send chilling signals to the marketplace at just the time when the advanced and cellulosic biofuels industries are moving into commercial production to help meet this nation’s energy independence and security needs.

The RFS has been an effective public policy tool, and it is generally meeting the goals that Congress envisioned when it first passed, and then amended the program. However, we must continue down the path of increased domestic biofuels supply, reduced reliance on foreign oil and promotion of an innovative spirit. The 25x’25 Alliance respectfully urges EPA and the Administration to retract their October 4, 2017 proposal that seeks specious justification to reduce the total renewable fuel volume requirement for 2018, and reduce the biomass-based diesel volume requirement for 2019.