Iowa Renewable Fuels Association

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Air and Radiation Docket and Information Center
U.S. Environmental Protection Agency
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1200 Pennsylvania Ave., NW
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RE: Docket ID No. EPA-HQ-OAR-2017-0091
Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019

With 43 ethanol refineries capable of producing more than four billion gallons annually, including nearly 80 million gallons of annual cellulosic ethanol production capacity, and 12 biodiesel facilities with the capacity to produce more than 380 million gallons annually, Iowa is the nation's premier renewable fuels producer. Iowa is also the largest U.S. producer of ethanol feedstocks such as corn starch, corn kernel fiber, and corn stover; and biodiesel feedstocks such as soybean oil, distillers corn oil, and animal fats. Therefore, the Iowa Renewable Fuels Association (IRFA) is uniquely suited to comment on the proposed rule setting the 2018 volume requirements and the 2019 biomass-based diesel volume requirement for the Renewable Fuel Standard (RFS).

The members of IRFA believe the proposed rule is truly a mixed bag. First, IRFA applauds EPA for upholding the 15 billion-gallon conventional biofuel level for 2018 in accordance with the law. Maintaining the 15 billion-gallon conventional biofuel requirement is good news for air quality, motorists and farmers while keeping the RFS on track and providing regulatory stability for ethanol producers, retailers and obligated parties alike. IRFA urges EPA to finalize the conventional biofuel target at 15 billion gallons, as proposed.

Second, IRFA is disappointed in EPA's proposal to flatline the 2019 biomass-based diesel (BBD) standard at 2.1 billion gallons. Keeping the BBD levels frozen at 2.1 billion gallons for 2019 falls woefully short of the U.S. biodiesel industry's capabilities—even before imports are considered—and clearly contradicts the spirit of the law. The EPA's proposal should be a formula for growth in advanced biofuels, not an enshrinement of the status quo. For these reasons and more, IRFA implores the Agency to set the RFS level for biomass-based diesel at a minimum of 2.75 billion gallons.

Third, IRFA is discouraged by EPA's decision to immortalize the past by cutting the cellulosic biofuel volumes for 2018 by 25 percent compared to 2017 levels. This proposed 25 percent cut is not only a huge step backward for cellulosic ethanol today, but, if finalized, would stall the accelerating growth in cellulosic ethanol production and stifle future interest and investment in further cellulosic biofuel development. IRFA encourages EPA to increase the cellulosic biofuel requirement to 384 million gallons.

Follow the Law

In his confirmation hearing before the U.S. Senate Environment and Public Works Committee on January 18, 2017, EPA Administrator Scott Pruitt repeatedly expressed a deep respect for following the rule of law, including as it relates to the RFS. For example Administrator Pruitt stated the following:

> "To honor the intent, and the expression of the Renewable Fuel Standard statute is very, very important. It is not the job of the Administrator of the EPA to do anything other than administer the program according to the intent of Congress, and I commit to you to do so."
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> "The act should be complied with and enforced consistent with the will of Congress."
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> "Market conditions have changed since 2005, but, despite that, the EPA Administrator should not use that to undermine or to somehow put into question the commitments made by this body in the Renewable Fuel Standards statute."
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> "Those individuals need to have certainty and confidence that the RFS is going to be enforced and administered pursuant to the desires of Congress."
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> "If I may, Senator, let me say to you the role of the Administrator of the EPA is to enforce and administer the RFS program to carry out the objectives of that statute. Those targets that have been put in that statute by this body need to be respected."
>
> "I don't want you to have any concern about the intent, objective, or will, if confirmed, of carrying out the RFS mandate or the statute in its whole."[1]

While IRFA certainly appreciates these sentiments expressed by Administrator Pruitt, the content of the proposed RFS rule seems to run afoul of the intent of Congress on numerous occasions. As we enter a new era of RFS enforcement, IRFA encourages EPA to review the history of the RFS, especially as it relates to Congressional intent and the clear language of the law, in setting renewable fuel volumes in the final rule. We are confident that in doing so, EPA can finalize a rule that meets the letter of the law and the commitment of Administrator Pruitt.

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[1] "Hearing on Nomination of Attorney General Scott Pruitt to be Administrator of the U.S Environmental Protection Agency." United States Senate Committee on Public Works. January 18, 2017. Online transcript: https://www.epw.senate.gov/public/_cache/files/1/2/1291a5e0-b3aa-403d-8ce3-64cb2ef86851/62966C8BB3CC564D876991952DF74905.spw-011817.pdf

Before getting into a section-by-section critique of the proposed rule, it's important to step back and remember why the RFS was passed and signed into law in the first place. Just over 12 years ago, at the signing ceremony for the Energy Policy Act of 2005, which created the first RFS, President George W. Bush stated the following:

> "The bill includes a flexible, cost-effective renewable fuel standard that will double the amount of ethanol and biodiesel in our fuel supply over the next seven years. Using ethanol and biodiesel will leave our air cleaner. And every time we use a home-grown fuel, particularly these, we're going to be helping our farmers, and at the same time, be less dependent on foreign sources of energy. I used to like to kid, but I really wasn't kidding when I said, someday a President is going to pick up the crop report and they're going to say we're growing a lot of corn, and – or soybeans – and the first thing that's going to pop in the President's mind is we're less dependent on foreign sources of energy. It makes sense to promote ethanol and biodiesel."[2]

Just over two years later – and just under ten years ago – in 2007, President Bush signed the Energy Independence and Security Act into law, making the following statement:

> "Two years ago, I was pleased to stand with Members – many of whom are here – to sign a bill that was the first major energy security legislation in more than a decade. At the time, I recognized that we needed to go even further. And so in my State of the Union, I proposed an aggressive plan to reduce oil consumption of gasoline by 20 percent over 10 years. Today we make a major step with the Energy Independence and Security Act. We make a major step toward reducing our dependence on oil, confronting global climate change, expanding the production of renewable fuels, and giving future generations of our country a nation that is stronger, cleaner, and more secure."[3]

Last year, consistent with President Bush's statements, EPA summarized the fundamental objective of the RFS in its May 31, 2016 proposed rule:

> "The fundamental objective of the RFS provisions under the CAA is clear: To increase the use of renewable fuels in the U.S. transportation system every year in order to reduce greenhouse gases (GHGs) and increase energy security. Renewable fuels represent an opportunity for the U.S. to move away from fossil fuels towards a set of lower lifecycle GHG transportation fuels, and a chance for a still-developing lower lifecycle GHG technology sector to grow. While renewable fuels include corn starch ethanol, which is the predominant renewable fuel in use to date, Congress envisioned the majority of growth over time to come from advanced biofuels, as the non-advanced (conventional)

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[2] "President Signs Energy Policy Act." August 8, 2005. Sandia National Laboratory, Albuquerque, NM; https://georgewbush-whitehouse.archives.gov/news/releases/2005/08/print/20050808-6.html

[3] "President Bush Signs H.R. 6, The Energy Independence and Security Act of 2007." December 19, 2007. U.S. Department of Energy, Washington, DC; https://georgewbush-whitehouse.archives.gov/news/releases/2007/12/20071219-6.html

volumes remain constant in the statutory volume tables starting in 2015 while the advanced volumes continue to grow."[4]

By the measure of the clear fundamental objective of the RFS, as envisioned by Congress, this year's proposal falls short. This year's proposal, if finalized, would not increase the use of renewable fuels in the U.S. transportation system. It would not increase energy security. It would not move the U.S. away from fossil fuels towards a set of lower lifecycle GHG transportation fuels, and it would not provide a chance for a still-developing lower lifecycle technology sector to grow. While the proposal commendably follows the statute in setting conventional biofuels levels at the maximum 15 billion gallons, it does not grow the volumes of advanced biofuels as Congress envisioned.

Maintain 15 Billion Gallon Standard for Conventional Biofuels

The bright spot of the 2018 proposal, the first put forward under the leadership of President Donald Trump, is the inclusion of the statutorily required 15 billion gallon level for conventional biofuels. This is the first time that EPA has proposed the 15 billion gallon conventional biofuel target, and it sends an important signal to U.S. corn-based ethanol producers and U.S. corn growers alike.

As referenced below, following the congressional schedule for ethanol was a commitment that then-candidate Trump made during the Iowa Caucuses and again during the general election and as President. It was refreshing to see that commitment fulfilled with the conventional biofuel target proposed in this rule, and IRFA commends President Trump and the EPA for following the law on conventional biofuels and proposing the 15 billion gallon level.

IRFA urges EPA to stay on course and confirm the 15 billion gallon standard for conventional biofuels in the final 2018 rule. IRFA agrees with EPA that "15.0 billion gallons of conventional renewable fuel is reasonably attainable, and that further reductions in the total renewable fuel applicable volume using the general waiver authority are not necessary to address supply issues."[5] IRFA also agrees with EPA that "ethanol supply is not currently limited by production and import capacity, which is in excess of 15 billion gallons."[6] Following record U.S. ethanol production (15.3 billion gallons) and consumption (14.4 billion gallons) in 2016, the momentum

[4] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2017 and Biomass-Based Diesel Volume for 2018; Proposed Rule." Federal Register. Vol. 81, No. 104. Tuesday, May 31, 2016. Proposed Rules. p. 34779

[5] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34229.

[6] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34230.

is continuing. In the first eight months of 2017, U.S. ethanol production has averaged in excess of one million barrels per day and is on pace for approximately 15.7 billion gallons for the year.[7]

EPA's proposal states that "we continue to believe that there are real constraints on the ability of the market to exceed an average nationwide ethanol content of 10 percent."[8] However, in the same paragraph, EPA contradicts itself by acknowledging that "in 2016, the average ethanol concentration reached 10.05 percent,"[9] the first time ever that the national ethanol concentration of all gasoline exceeded 10 percent. The fictitious "E10 blendwall" has been broken, and there's no turning back.

Here in Iowa, the nation's leading ethanol producer, we also experienced record ethanol production (4.1 billion gallons)[10] and consumption (146.8 million gallons)[11] in 2016, and we are on record pace again in 2017. Additionally, we are seeing a historic amount of plant capacity expansion projects taking place in Iowa. From the beginning of 2016 to the end of 2018, we are expecting more than 500 million gallons of new and expanded ethanol production capacity to come online in our state,[12] eliminating any concerns whether a strong and growing RFS can blow past the bogus "E10 blendwall" for good.

Respect the Reset

While the 2018 RFS proposal is for 15 billion gallons, some observers worry about future years. Within this proposal, EPA announced that "the Administrator has directed EPA staff to initiate the required technical analysis to inform a reset rule." While EPA also stated that "we are not soliciting comments on the reset rulemaking at this time"[13] this preliminary announcement deserves preliminary feedback – especially in light of EPA's dramatically different tone in this year's proposed RVO rule.

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[7] U.S. Energy Information Administration. "Short-Term Energy Outlook – August 2017." Table 4a; U.S. Petroleum and Other Liquids Supply, Consumption, and Inventories. p. 32. https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf

[8] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34230.

[9] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34230.

[10] Iowa Renewable Fuels Association. Press Release: "Iowa Produces Record 4.1 Billion Gallons of Ethanol in 2016." December 27, 2016. http://iowarfa.org/2016/12/iowa-produces-record-4-1-billion-gallons-of-ethanol-in-2016/

[11] Iowa Department of Revenue. "2016 Retailers Fuel Gallons Annual Report." April 2017. Table 1; Iowa Gasoline, Diesel, and Biofuel Sales for Calendar Year 2016. p. 5. https://tax.iowa.gov/sites/files/idr/2016%20Retailers%20Fuel%20Gallons%20Annual%20Report.pdf

[12] Confidential survey of Iowa ethanol plants conducted by IRFA.

[13] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34211.

IRFA greatly appreciates President Trump's strong commitment to biofuels and the RFS. As a candidate in Iowa in 2016, President Trump made numerous statements in support of renewable fuels and the RFS. For example, at the Iowa Renewable Fuels Summit on January 19, 2016, then-candidate Trump stated the following:

> "The RFS, which is Renewable Fuel Standard, is an important tool in the mission to achieve energy independence to the United States. I will do all that is in my power as President to achieve that goal … As President, I will encourage Congress to be cautious in attempting to…change any part of the RFS...Energy independence is a requirement of America to become great again. My theme is 'Make America Great Again.' It's an important part of it. The EPA should ensure that biofuel RVOs, or blend levels, match the statutory level set by Congress under the RFS. The RFS and the associated RVOs...past the current 2022 cut-off must be part of a comprehensive energy program that benefits all Americans and ensures again that we are energy independent. As President, I would encourage regulators to end restrictions that keep higher blends of ethanol and biofuel from being sold...I am there with you 100 percent."[14]

A few months after taking office, President Trump visited Iowa again in June 2017 and stated:

> "We want to eliminate the intrusive rules that undermine your ability to make a living, and we will protect the corn-based ethanol and biofuels that power our country. And you remember, during the campaign, I made that promise."[15]

He later added, "We're saving your ethanol industry in the state of Iowa just like I promised I would do in my campaign. And believe me, they are under siege."[16]

Considering President Trump's unequivocal public support for renewable fuels in general and the RFS specifically, IRFA was surprised the proposed RFS rule didn't contain a single positive statement about the importance of the RFS. Even the press release announcing the RFS proposal failed to make a single reference to any benefit of the RFS or renewable fuels.

Rather than announcing an ambitious rule, the release announced standards "that maintain renewable fuel volumes at levels comparable to the 2017 standards, recognizing limits to the growth of cellulosic and advanced biofuels." Rather than proposing a rule that would grow renewable fuels volumes and drive innovation, the release explained that EPA is "proposing new volumes consistent with market realities focused on actual production and consumer demand while being cognizant of the challenges that exist in bringing advanced biofuels into the marketplace." Rather than highlighting the energy security benefits of record U.S. biodiesel production and consumption, the release expressed "concerns that some RFS obligations are

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[14] Donald Trump Address at Iowa Renewable Fuels Summit. Altoona, IA. January 19, 2016. https://www.youtube.com/watch?v=66sE02vfUYs

[15] "Remarks by President Trump on Agricultural Innovation." Kirkwood Community College, Cedar Rapids, IA. June 21, 2017. https://www.whitehouse.gov/the-press-office/2017/06/22/remarks-president-trump-agricultural-innovation-cedar-rapids-ia

[16] Donald Trump Rally in Cedar Rapids, Iowa. June 21, 2017. https://www.youtube.com/watch?v=3MEcQYCg3i0

increasingly met with imported fuel from Brazil, Argentina and Indonesia." And rather than touting record levels of E15 and E85 availability and use in the U.S., the release pointed out that "the Agency is assessing higher levels of ethanol-free gasoline."[17]

This is not a trivial matter. As with any new administration, interested parties are all trying to read the "tea leaves" of this proposal to divine the direction of future policy. So the lack of any positive statement on biofuels coupled with the formal notice that EPA will start evaluating its "reset" options for the RFS immediately – an authority that won't be triggered for the total RFS for at least another year, if not longer, has caused very real concerns in Iowa.

The petroleum industry has made clear its intention to cap renewables at 9.7 percent of the fuel supply in order to protect its market share. They have failed for a decade to convince Congress to amend the RFS in this regard. There is concern that EPA's announcement of preliminary work on a total reset rule would be used as a backdoor way to amend the RFS. Some RFS categories, like cellulosic ethanol, have been legitimately reduced in the past. This is not true for the conventional biofuel level. Using the RFS reset authority to rewrite the conventional biofuel schedule enacted by Congress is not justified and would be a grave mistake.

The purpose of the reset provision is to increase the predictability of future RVOs when they have been dramatically reduced in the past. It is not a license to rewrite provisions of the law in the case of an RVO that has never been legally modified by the EPA. An action of this kind would be seen as a betrayal of the President's stated commitment on the RFS and would generate a most hostile reaction throughout rural America.

If Iowans have read the tea leaves incorrectly and the reset concerns over conventional biofuel levels are misplaced, then Administrator Pruitt – through this final rule or some other public statement – can put them to rest. IRFA urges the final rule to clarify this point.

Questionable Methodology

As IRFA dug deeper into the draft rule, this year's proposal falls short in many respects by relying on questionable methodology – some old (i.e. ignoring carryover RINs), some new (i.e. concerns of diverting advanced feedstocks from other uses), and some illegal (i.e. backward-looking methodology to set cellulosic biofuels RVO) – to hold biomass-based diesel and cellulosic biofuel volumes down. We will detail these and other shortfalls throughout our comments.

In addition, there appears to be inherent bias built into the rule for reducing RVOs, not increasing them as is the clear Congressional intent of the law. On at least a dozen separate occasions, the proposed rule seeks comment on whether one of the various RVOs should be reduced below the proposed levels (Attachment A), even though three RVOs (cellulosic, total advanced and overall

[17] U.S. Environmental Protection Agency. News Release: "EPA Proposes RFS Volumes Reflective of Market Realities for 2018." July 5, 2017. https://www.epa.gov/newsreleases/epa-proposes-rfs-volumes-reflective-market-realities-2018

total) have already been proposed below statutory levels. At no point does the draft rule seek comment on whether any proposed RVO should be increased.

Some of these requests appear, at best, to be lower volume "solutions" in search of a problem and, at worst, like genuine fishing expeditions. When the EPA invites "data and analysis that would support different use of the waiver authorities than we are proposing in today's action, such as use of the general waiver authority to achieve greater reductions than proposed,"[18] (emphasis added) one has to wonder what the author believes the RFS is supposed to achieve – higher or lower volumes of renewable fuels? A reasonable person could interpret this request as being translated to: we want to lower the conventional biofuel number so please help us find an excuse to use the general waiver authority that might conceivably pass the "sniff test" with the courts.

On the other hand, the EPA proposal makes no mention that in setting the advanced RVOs, the RFS statute allows the Agency to take into consideration air quality, climate change, expected annual rate of future commercial production (emphasis added), job creation, price of agricultural commodities, and rural economic development, among others.[19] In order to ensure a fair final rule that upholds Administrator Pruitt's commitment to the letter and spirit of the statute, it would be prudent to consider factors that weigh on the side of increasing the RVOs instead of only factors perceived to weigh on the side of further reductions.

For example, with a large portion of domestic biodiesel production capacity sitting idle, shouldn't the EPA ask whether an increase in the biodiesel RVO is warranted based on the Agency's own conclusion that "production capacity and the ability for the market to distribute and use biodiesel and renewable diesel are not constraining factors?"[20]

Or given the rapid adoption of cellulosic ethanol production from corn kernel fiber, shouldn't the EPA ask whether the cellulosic pathway requests gathering dust at the Agency could be approved to justify a higher cellulosic RVO for 2018?

Or citing very rapid growth and record sales of E15 and E85, shouldn't the EPA ask whether the total advanced RVO should be increased to allow for the use of fuels other than corn starch ethanol?

Given the questionable methodologies and apparent bias against increasing RVOs, the proposal falls unnecessarily short.

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[18] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34229.

[19] 42 U.S. Code § 7545(o)(2)(B)(ii)

[20] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34224.

RFS Level Should Boost Biodiesel

One of the most perplexing and concerning facets of the proposed rule is the ongoing contention by the EPA that the biomass-based diesel (BBD) RVO does not need to be increased because biodiesel demand is driven by the total advanced RVO. The proposal states:

> "…we expect that the 2019 advanced volume requirement, when set next year, will determine the level of BBD production and imports that occur in 2019. Therefore, EPA continues to believe that the same overall volume of BBD would likely be supplied regardless of the BBD volume we mandate for 2019 in this proposed rule."[21]

Ironically the last half of that sentence has been true for the last few years, but only because the EPA has abandoned its statutory obligation to set a proper BBD RVO in the first place.

There is a legal principle recognized by many courts that a layman would summarize as: one must not assume that a legislative body takes an action for no reason. In other words, when Congress modified the original RFS in 2007 to create a specific BBD RVO nested within the total advanced RVO, the EPA should assume it did so for a reason. It is not the purview of the administrative body to second guess or ignore the clear design of the legislative body.

Regardless of its own feelings, the EPA should not flatline the BBD RVO just because BBD RINs can also be used to satisfy the total advanced RVO. In short, Congress created the BBD RVO for a reason. Not only did Congress establish the BBD RVO, it provided EPA criteria upon which to set the annual RVO. Among the six criteria, Congress directed the EPA to consider "the expected annual rate of future commercial production of renewable fuels, including advanced biofuels in each category (cellulosic biofuel and biomass-based diesel)."[22] So again, Congress makes clear that when setting advanced RVOs (total, cellulosic and BBD) it intended the nested categories, including BBD, to be treated independently and equally – not ignored as unimportant.

The EPA further attempts to justify freezing the biomass-based diesel volume in order to leave opportunity for growth in the production of unspecified "other, potentially less costly, types of advanced biofuel with comparable or potentially superior environmental or other attributes."[23] First, it is hard to take this statement at face value considering that EPA proposed 2018 advanced biofuel levels that are lower than the 2017 targets. If the EPA truly wants to leave room for other advanced biofuels it is not very complicated. All the Agency has to do is set a proper BBD RVO according to the criteria specified by Congress and then set a higher total advanced RVO.

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[21] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34240.

[22] 42 U.S. Code § 7545(o)(2)(B)(ii)(III)

[23] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34211.

Speaking of Congressional criteria, it is important to note that the RFS does not include "leaving room for other advanced biofuels" as a consideration when setting the BBD RVO. EPA must stop ignoring the letter of the law and the clear intent of Congress and finalize a reasonable BBD RVO. For 2019, the analysis shows that a BBD RVO of at least 2.75 billion gallons is justified to achieve Congressional goals.

Biodiesel has been an unmitigated success under the RFS, as the biodiesel industry has produced over and above EPA's annual biomass-based diesel targets each and every year since 2010, even amidst excessive federal policy uncertainty. In fact, according to EPA, the U.S. is expected to use about 2.9 billion gallons of biomass-based diesel in 2017[24] – 800 million gallons more than the number EPA proposes to set for 2019, two years from now. Finalizing the proposed level would simply memorialize the status quo while nearly half of the U.S. biodiesel industry capacity sits idle.[25]

As well as elsewhere, Iowa biodiesel production capacity is expanding. From the beginning of 2016 to the end of 2018, Iowa plants will add at least 78 million gallons of expanded biodiesel production capacity – a more than 25 percent increase. These investments have been made, in part, based on the promise of a strong and growing RFS. Finalizing a 2019 biomass-based diesel volume of 2.75 billion gallons would send a strong signal to these producers that their good-faith investments were not made in vain.

While the EPA's biomass-based diesel proposal overemphasizes the impact of the lapsed federal biodiesel tax incentive on potential volumes for 2018 and 2019[26] – a criteria also not specified by Congress to consider when setting the BBD RVO – it completely ignores other significant policy developments that will significantly boost biodiesel availability and use. Here are several examples of forward-looking biodiesel policies across the country that will expand biodiesel's market share:

- In July, the California Air Resources Board (CARB) approved a biodiesel additive that will open the door for B20 blends in California to be "the cleanest proven and tested diesel fuel with the lowest emissions profile available anywhere in the U.S." According to Paul Nazzaro of Pacific Fuel Resource, LLC, statewide availability of B20 blends in California would add an additional 600 million gallons of annual demand for biodiesel.[27]

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[24] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34234.

[25] National Biodiesel Board. Press Release: "NBB Has Strong Showing at RFS Public Hearing, Calls for Higher Biodiesel Volumes." August 1, 2017. http://nbb.org/news/nbb-press-releases/2017/08/01/nbb-has-strong-showing-at-rfs-public-hearing-calls-for-higher-biodiesel-volumes

[26] The prior examples EPA cites fail to properly consider that the biodiesel tax credit lapses occurred during years when there was effectively no RFS in force due to EPA's inability to promulgate annual RVOs in a timely manner.

[27] National Biodiesel Board. Press Release: "New Additive Hands Biodiesel the Win as Cleanest Liquid Fuel in the U.S." July 25, 2017. http://nbb.org/news/nbb-press-releases/press-release-display/2017/07/25/new-additive-hands-biodiesel-the-win-as-cleanest-fuel-in-the-u.s

- New York City's 2 percent biodiesel heating oil requirement increases to 5 percent later this year, and downstate New York counties of Nassau, Suffolk, and Westchester will require heating oil to contain at least 5 percent biodiesel by July 1, 2018. So, by July 1, 2018, the entire New York City Metropolitan Area, representing approximately 70 percent of the state's heating oil market, will have a 5 percent biodiesel blending requirement.[28]

- Starting in May 2018, Minnesota will require B20 blends for all diesel sold in the state during the summer months (April through October). This increased requirement will add approximately 30 million gallons of additional biodiesel demand in Minnesota.[29]

- In July, Illinois lawmakers adopted a tax package that would extend for five years the state's full excise tax exemption on B11 and higher biodiesel blends.[30]

- On January 1, 2018, Iowa's biodiesel retailer tax credit adds an enhanced incentive for B11 and higher blends, a policy change that will undoubtedly lead to increased availability and use of higher biodiesel blends and total gallons of B100 sold.[31]

IRFA encourages EPA to consider these significant state policy changes, which all impact statutory criteria, in setting the final biomass-based diesel volumes for 2019.

In support of this request, we would like to share some Iowa-specific data, courtesy of the Iowa Department of Revenue, to demonstrate the remarkable growth in availability and use of higher biodiesel blends in our state over the past few years.

Since 2010, when the expanded RFS went into effect, both biodiesel production and biodiesel sales in Iowa have soared, multiplying by a factor of more than six. Biodiesel production has jumped from 48 million gallons in 2010 to 297 million gallons in 2016,[32] while biodiesel distribution (B100 sales) in Iowa has increased from 7.4 million gallons in 2010 to 46.7 million gallons in 2016.

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[28] National Biodiesel Board. Press Release: "Downstate New York Poised to Lead the Way for Cleaner Home Heating." June 23, 2017. http://nbb.org/news/nbb-press-releases/press-release-display/2017/06/23/downstate-new-york-poised-to-lead-the-way-for-cleaner-home-heating

[29] Renewable Energy Group. Press Release: "Renewable Energy Group Welcomes Minnesota Certification of Summertime B20 Requirement Beginning Next Year." August 3, 2017. http://regi.com/news/2017/08/03/renewable-energy-group-welcomes-minnesota-certification-of-summertime-b20-requirement-beginning-next-year

[30] Renewable Energy Group. Press Release: "Renewable Energy Group Applauds Illinois Legislature for Extending Biodiesel Incentive." July 7, 2017. http://regi.com/news/2017/07/07/renewable-energy-group-applauds-illinois-legislature-for-extending-biodiesel-incentive

[31] Agricultural Marketing Resource Center. Batres-Marquez, S. Patricia. "Biodiesel Blended Sales Trends in Iowa." August 2017. http://www.agmrc.org/renewable-energy/renewable-energy-climate-change-report/renewable-energy-climate-change-report/august-2017-report/biodiesel-blended-sales-trends-in-iowa/

[32] Iowa Renewable Fuels Association. Press Release: "Iowa Biodiesel Production Smashes Record in 2016." December 28, 2016. http://iowarfa.org/2016/12/iowa-biodiesel-production-smashes-record-in-2016

Even more remarkable is the growth in the average blend level of biodiesel-blended gallons sold. In 2010, the average blend level of biodiesel-blended gallons sold in Iowa was 3.1 percent. By 2016, **the average biodiesel blend level in Iowa had nearly quadrupled to 12.3 percent**—a level that simply could not have been reached without selling a significant amount of not just B11, but B15 and B20 as well. The table below illustrates the dramatic growth in biodiesel production and sales in Iowa since 2010.[33]

Iowa Biodiesel Production and Use, 2010-2016

Biodiesel		2010	2011	2012	2013	2014	2015	2016
Iowa Production		48 mg	169 mg	184 mg	230 mg	227 mg	242 mg	297 mg
B100 Sales		7.4 mg	14.0 mg	23.3 mg	29.0 mg	33.3 mg	37.5 mg	46.7 mg
Blended Gallons		239.9 mg	246.0 mg	285.8 mg	347.8 mg	354.7 mg	342.0 mg	379.8 mg
Avg. Blend Level		3.1%	5.7%	8.1%	8.3%	9.4%	11.0%	12.3%

Any question on whether blends above B5 can be sold year-round are put to rest based on this data. Achieving a year-round, average B12 blend rate in Iowa sends a clear message that if higher biodiesel blends can be successfully utilized in Iowa, as well as other cold weather states such as Minnesota and Illinois, then there is no reason that this model cannot be replicated nationwide with the right policy framework in place. Most importantly, Iowa drivers simply haven't had any issues using increasingly higher blends of biodiesel—even in the cold winter months.

Limiting Biodiesel Volumes to Curb Imports Doesn't Work, and Doesn't Ensure Energy Security

The final RFS level for biomass-based diesel must also account for, not attempt to reduce, biodiesel imports. Current estimates are that biomass-based diesel imports to the U.S. in 2017 will be less than in 2016, a result which seems even more likely with the U.S. Commerce Department's recent preliminary countervailing duty determination regarding subsidized biodiesel imports from Argentina and Indonesia.[34]

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[33] Iowa Department of Revenue. https://tax.iowa.gov/report/Retailers-Annual-Gallons

[34] U.S. Department of Commerce. News Release: "U.S. Department of Commerce Issues Affirmative Preliminary Countervailing Duty Determinations on Biodiesel from Argentina and Indonesia." August 22, 2017. https://www.commerce.gov/news/press-releases/2017/08/us-department-commerce-issues-affirmative-preliminary-countervailing-1

While the Commerce Department is the appropriate channel to address rising biodiesel imports, it is completely inappropriate for EPA to try to curb biodiesel imports by freezing or reducing biomass-based diesel volumes. Regarding biodiesel imports, IRFA once again encourages EPA to simply follow the law. The law allows imported biodiesel to qualify as either an advanced or conventional biofuel based on its GHG reduction. The EPA should not be trying to put its finger on the scale to control the level of imports by limiting growth in the RFS volumes. It is neither legal, nor effective.

Holding back biodiesel volumes, or reducing them even further, will not rectify the impact of biodiesel imports. Today, the marginal gallon of biodiesel comes from U.S., not foreign, producers. Therefore, limiting the biodiesel RFS volumes will only cause increased pain to domestic producers, most of which are running at less than full capacity (Iowa has nearly 100 million gallons of unused annual production capacity alone). In addition, it will cost American energy jobs. It will not reduce biodiesel imports.

While IRFA obviously prefers U.S. biodiesel over imports, limiting biodiesel volumes will not "ensure energy independence and security." First, biodiesel imports do not come from countries with strategic views contradicting U.S. goals or from known sponsors of terror.[35] Second, despite incredible gains in domestic oil and renewable fuel production, U.S. net imports (imports minus exports) of petroleum from foreign countries in 2016 provided the marginal supply and were still equal to about 25 percent of U.S. petroleum consumption.[36]

Therefore:

- Lowering the biodiesel RVO will not reduce biodiesel imports (and such a consideration is not a lawful criteria set forth by Congress as imports are not differentiated in supply calculations).
- Lowering the biodiesel RVO will reduce U.S. biodiesel production and jobs.
- Even if lowering the biodiesel RVO did reduce biodiesel imports, it would hurt U.S. energy security, not improve it, as imported biodiesel from friendly countries would be replaced by imported oil partially from countries that do not have our best interest in mind.
- Finally, and most importantly, any consideration of the energy security benefits of an increased BBD RVO would be positive – whether the increased biodiesel was domestic or imported.

Increasing the use of biodiesel, regardless of source, reduces our use of imported oil. And as C. Boyden Gray has stated, reducing oil imports means: "We would be therefore shipping less money abroad to finance people who don't really like us very much and we would be creating more U.S. jobs."[37]

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[35] Shultz, George P., and R. James Woolsey, "Oil & Security," Committee on the Present Danger, 2005. p. 5. http://www.distributedworkplace.com/DW/Government/A%20Committee%20on%20the%20Present%20Danger%20Policy%20Paper.doc

[36] U.S. Energy Information Administration. "Frequently Asked Questions: How much oil consumed in the United States comes from foreign countries?" April 4, 2017. https://www.eia.gov/tools/faqs/faq.php?id=32&t=6

[37] Gray, C. Boyden. Christian Coalition of America – Capitol Hill Roundtable Discussion on Energy. March 15, 2011. https://www.youtube.com/watch?v=F-cJi04ubss

Congress gave the EPA the authority to set the biodiesel level to ensure growth for this widely successful advanced biofuel. Factoring in imports properly, the proposed level does not achieve this goal. Setting the final level at 2.75 billion gallons would be consistent with the law and would be one of the strongest steps EPA could take to ensure energy independence and security.

What feedstock diversion?

One of the most puzzling aspects of the proposed 2018 RFS rule is EPA's new-found concern that "a higher advanced biofuel volume requirement has a greater potential to increase the incentive for switching advanced biofuel feedstocks from existing uses to biofuel production." EPA uses this rationale to limit biomass-based diesel and advanced biofuel volumes, adding that "greater volumes could likely be made available if feedstock diversions were not of concern."[38]

It is shocking that EPA would limit the BBD level citing feedstock diversions without providing a single hypothetical example of such a concern, much less actual statistics and analysis.

But what exactly is the concern? According to EPA:

> "We expect a decreasing rate of growth in the availability of feedstocks used to produce (advanced biodiesel and renewable diesel). To the extent that higher advanced biofuel requirements cannot be satisfied through growth in the production of advanced biofuel feedstocks, they would instead be satisfied through a re-direction of advanced feedstocks from competing uses, leading to lower overall GHG emission benefits."[39]

This speculation actually runs counter to known facts. The average GHG score of biodiesel feedstocks has been improving over time, whether from more efficient soybean production or from the increased use of lower GHG feedstocks such as distillers corn oil or used cooking oils.

Absent any real evidence of "feedstock switching"—and its highly speculative impacts—occurring, EPA should simply follow the law, abandon this line of reasoning, and stick with its assessment that "production capacity and the ability for the market to distribute and use biodiesel and renewable diesel are therefore not constraining factors in our assessment of the reasonably attainable volume of advanced biodiesel and renewable diesel in 2018."[40]

For EPA to note that BBD RVOs could be higher if "feedstock diversions were not of concern" while not providing a single example, statistic or shred of analysis denies the public the

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[38] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34222.

[39] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34220-34221.

[40] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34224.

opportunity to challenge EPA assumptions, facts, or logic in a meaningful way. It falls short of what should be expected and required for a true notice and public comment process. As such, the final rule should not use the dubious speculation of negative feedstock diversion.

IRFA uses the term "negative" feedstock diversion above because there is no doubt that BBD production diverts some feedstocks from where they would otherwise end up. U.S. biodiesel producers are some of the best and most innovative in the world at creating uses for waste oils and fats that had no previous value. The most common feedstock diversion is redirecting used cooking oil or rendered fats from a landfill to a domestic, renewable fuel. From any angle, it is hard to conceive of how the EPA believes this is a problem.

In fact, the very premise of the speculative and unsubstantiated feedstock diversion argument is that switching advanced biofuel feedstocks from existing uses to biofuel production is necessarily a bad thing by default. While speculating on hypothetical downsides that are not documented anywhere that IRFA is aware of, there is not equal speculation on the positive side – once again displaying a clear bias toward lowering, not raising RVOs, which is in direct conflict with the letter and intent of the law. After all, what if biofuel production is a higher value use of the feedstock? What if there is an oversupply of the feedstock that could be partially redirected to biofuel production? What if using the feedstock for biofuel provides greater – not lower – overall GHG emission benefits than the previous use of the feedstock?

In Iowa, nearly every ethanol plant spins off inedible corn oil during its distillers grain process. Prior to this technology, the corn oil remained a part of the distillers grains, requiring additional energy to dry on one hand, and providing no net feed value for some animal species on the other. Given the relative cost of distillers corn oil (DCO) compared to the retail prices of meat, there is simply no question that entities preparing animal feed rations can purchase all the DCO necessary for the animal species where there is a nutritional benefit.

The rest of the DCO was previously underutilized as an unnecessary part of distillers grains that required additional process energy. Now, DCO is a growing and very important feedstock for biodiesel production. Likewise, during tight margin conditions, DCO revenues are often the difference between red and black ink on an ethanol producer's balance sheet. So make no mistake, ethanol producers and corn growers are highly interested in seeing EPA finalize a BBD RVO that meets the letter and intent of the RFS.

EPA's assumption that any advanced feedstock that is hypothetically switched from any current use to biofuel use is automatically harmful and "could result in unintended negative consequences"[41] and "would likely not produce the additional GHG benefits that might otherwise be expected"[42] is unfounded, unsupported and unnecessary. EPA should not use highly specious logic to limit growth in biodiesel volumes.

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[41] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34222.

[42] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34221.

Finally, EPA's own feedstock and market analysis regarding biodiesel and renewable diesel should be enough to allay its dubious "feedstock switching" concerns. In the 2018 proposed RFS rule, EPA noted its previous finding that:

> "the market was capable of supplying 2.9 billion gallons of biodiesel and renewable diesel (including both advanced and conventional biodiesel and renewable diesel) to the United States in 2017. The global supply of feedstocks projected to be available for biodiesel and renewable diesel production significantly exceeds the quantity necessary to produce 2.9 billion gallons of biodiesel and renewable diesel. Similarly, an assessment of the production capacity of registered biodiesel and renewable diesel production facilities conducted for the 2017 final rule demonstrates that there is sufficient production capacity to produce 2.9 billion gallons of biodiesel and renewable diesel in 2018. Finally, we believe that there will be sufficient infrastructure in place to enable the distribution, sale, and use of 2.9 billion gallons of biodiesel and renewable diesel in 2018."[43]

With these conclusions in mind, along with the biodiesel industry's stellar record of under-promising and over-performing when it comes to meeting and exceeding EPA volume targets, we urge EPA to reconsider its "feedstock switching concerns" and, instead, focus on restoring growth in the biomass-based diesel category to a level of at least 2.75 billion gallons in 2019.

The Court Has Ruled: EPA Interpretation of "Inadequate Domestic Supply" is Illegal

On July 28, 2017, the U.S. Court of Appeals for the District of Columbia Circuit issued its opinion in Americans for Clean Energy v. EPA. This opinion declared that:

> "EPA erred in how it interpreted the 'inadequate domestic supply' waiver provision. We hold that the 'inadequate domestic supply' provision authorizes EPA to consider supply-side factors affecting the volume of renewable fuel that is available to refiners, blenders, and importers to meet the statutory volume requirements. It does not allow EPA to consider the volume of renewable fuel that is available to ultimate consumers or the demand-side constraints that affect the consumption of renewable fuels by consumers."[44]

The Court added:

> "The central problem with EPA's 'supply equals demand' argument (in addition to the text of the statute, of course) is that it runs contrary to how the Renewable Fuel Program is supposed to work. By setting annual renewable fuel volume requirements that increase progressively each year, Congress adopted a 'market forcing policy' intended to

[43] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34234.

[44] United States Court of Appeals for the District of Columbia Circuit. No. 16-1005. *Americans for Clean Energy, et al., v. Environmental Protection Agency and E. Scott Pruitt, Administrator*. July 28, 2017. p. 4.

> 'overcome constraints in the market' by creating "demand pressure to increase consumption…Therefore, as EPA recognized in a previous rulemaking, demand for renewable fuel 'will be a function of the' renewable fuel standards 'set' by EPA…In other words, the Renewable Fuel Program's increasing requirements are designed to force the market to create ways to produce and use greater and greater volumes of renewable fuel each year. EPA's interpretation of the 'inadequate domestic supply' provision flouts that statutory design: Instead of the statute's volumes requirements forcing demand up, the lack of demand allows EPA to bring the volume requirements down. 'No argument' that EPA has 'offered here supports that goal-defying (much less that text-defying) statutory construction.'"[45]

Therefore, EPA may no longer redefine demand as supply as justification to reduce renewable fuel volumes going forward. Future RFS rulemakings, including the final 2018 rule, should follow the law and never again seek to reduce renewable fuel volumes based on illegal rationale such as market constraints, the so-called "E10 blendwall," blending economics, price comparisons, vehicle availability, distribution infrastructure, or the supply of gasoline without ethanol.

IRFA appreciates the fact that EPA did not utilize its general waiver authority in the 2018 proposal. Yet, on nine different occasions in the proposed rule, EPA requests comment on whether it should use its general waiver authority to further reduce renewable fuel volumes citing some aspect of the now clearly illegal demand constraints theory. (Attachment B)

IRFA's firm response to each of these nine questions is a resounding "no." However, in accordance with the Court's ruling, we also want to point out that these questions should never have even been asked in the first place. While a firm "no" to each question is easily defensible, the EPA should take these questions and all corresponding comments and simply place them on the ash heap of history – right next to the term "reasonably attainable" volumes (which appears 54 times in the rule) that was specifically created by the last Administration to redefine "demand" as "supply."

EPA should follow the law and pursue opportunities to grow, not excuses to limit, renewable fuel volumes.

E15 and E85 Growth is Accelerating

As the proposed rule was released prior to the Court ruling referenced above, it is not surprising that the focus on distribution and demand constraints (usually worded as "supply" in some convoluted manner) runs throughout the document. For example, the rule calls "the development of distribution infrastructure" as one of the "notable constraints" for ethanol use.

[45] United States Court of Appeals for the District of Columbia Circuit. No. 16-1005. *Americans for Clean Energy, et al., v. Environmental Protection Agency and E. Scott Pruitt, Administrator.* July 28, 2017. p. 31.

While lamenting the "task of estimating the attainability of renewable fuel requirements"[46] given these constraints, the EPA ignores the single biggest opportunity for (and unnecessary obstacle to) renewable fuels growth right under its nose.

While IRFA is grateful for EPA's 15 billion-gallon conventional biofuel proposal, we still believe EPA is underestimating the potential for E15 availability and use. E15 gives drivers superior performance and the same mileage, while saving them money and diluting cancer-causing chemicals (such as benzene, toluene and xylene) with ethanol's clean octane. As of mid-July 2017, there were 917 retail locations offering registered E15 in 29 states.[47] The number of stations is expected to double by the end of 2018. In May, U.S. drivers surpassed the milestone of one billion miles driven with E15, attesting to the fuel's performance, safety and value.[48]

Here in Iowa, we have seen the number of E15 stations increase by 217% (40 to 127)[49] since the beginning of 2016, and our state's E15 sales increased by 193% from 2015 to 2016.[50] With high volume stations such as Kwik Trip/Kwik Star[51] (on a big scale) and Casey's General Stores[52] (on a smaller scale) now following Kum & Go and Murphy USA by offering E15 in Iowa, we expect this accelerating E15 growth pattern to continue for the foreseeable future.

When assessing overall ethanol demand in the proposed rule, EPA incorrectly stated that diminished blending economics and poor price advantages compared to E10 are limiting factors for E15 and E85 growth.[53] On the contrary, U.S. ethanol remains the lowest cost and cleanest source of fuel octane on the planet, which is why ethanol use outstripped RFS levels during the first decade of the program. But the price benefits to consumers from ethanol blending do not stop at E10.

As additional ethanol is blended, consumers receive a boost in octane, but a reduction in price. E15 provides an 88-octane fuel usually priced 5 to 10 cents cheaper than E10 – unquestionably

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[46] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34231.

[47] Growth Energy. "Progress Report: E15 Rapidly Moving Into the Marketplace." Updated July 13, 2017. http://members.growthenergy.org/uploads/E15%20Progress%20Data%20-%20July%202017.pdf

[48] Growth Energy. Press Release: "American Drivers Surpass 1 Billion Miles on Earth-Kind, Engine-Smart E15 Saving up to $72 Million." May 24, 2017. http://www.growthenergy.org/news-media/press-releases/american-drivers-surpass-1-billion-miles-on-earth-kind-engine-smart-e15-saving-up-to-72-million/

[49] Iowa Renewable Fuels Association. "Iowa E15 Refueling Sites." http://iowarfa.org/ethanol-center/e15/e15-refueling-sites/

[50] Agricultural Marketing Resource Center. Batres-Marquez, S. Patricia. "Overview of Iowa Biofuel Tax Credits and Ethanol Blends Sales: E10, E15, E20 and E85." July 2017. http://www.agmrc.org/renewable-energy/renewable-energy-climate-change-report/renewable-energy-climate-change-report/may-2017-report/overview-of-iowa-biofuel-tax-credits-and-ethanol-blends-sales-e10-e15-e20-and-e85

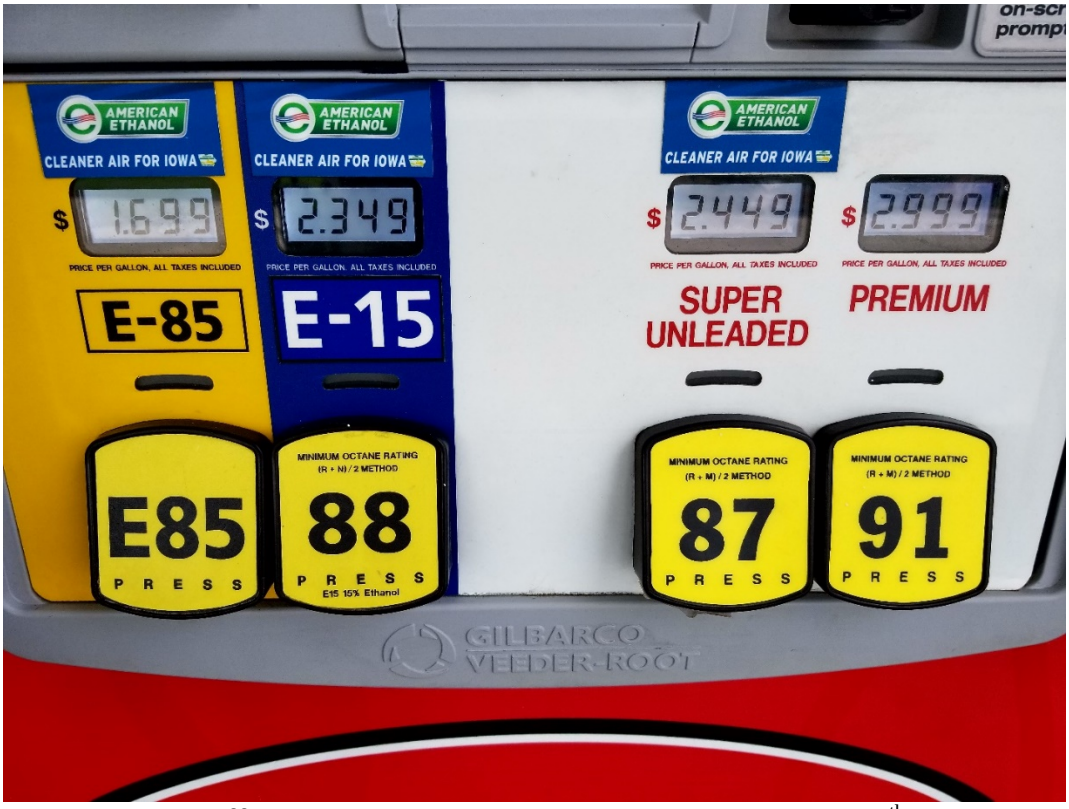
[51] Convenience Store News. "Kwik Trip Is Latest to Join the E15 Club." May 2, 2017. http://www.csnews.com/product-categories/fuels/kwik-trip-latest-join-e15-club

[52] CSP Industry News. "Casey's Adds E15 and E85." April 26, 2017. http://www.cspdailynews.com/fuels-news-prices-analysis/fuels-news/articles/casey-s-adds-e15-and-e85

[53] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34229-34230.

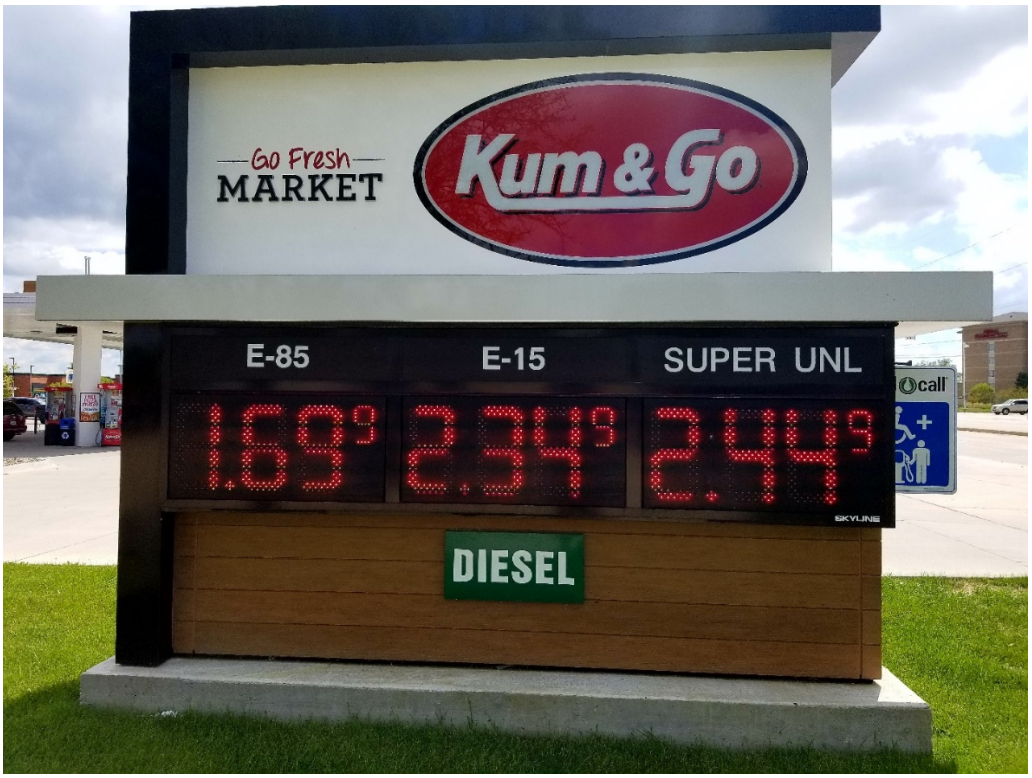
favorable for blending economics. When sold at stations not branded by large oil refiners, E85 is also almost always a favorably priced fuel. When comparing E85 to E10 prices (and accounting for the average ethanol content of E85) one usually needs a price reduction of 17 to 20 percent to achieve similar or improved costs per mile.[54]

While preparing these comments, IRFA staff drove to the nearest fueling station and took the pictures below. The favorable blending economics are on display at the gas pump here in Iowa, where 88-octane E15 is priced 10 cents below 87-octane E10. Further, the E85 is priced 75 cents (31 percent) below E10, making it an attractive choice economically and environmentally.



Source: IRFA staff photo, August 29, 2017. Kum & Go station on 86th Street in Johnston, Iowa.

[54] It should be noted that these cost per mile arguments also ignore the additional benefits that high ethanol blends provide that are motivating factors to many consumers, such as higher octane, domestic source, fewer cancer causing emissions, reduced GHG emissions, and boosting the rural economy. After all, if consumer purchases were purely price driven then all of the Whole Foods supermarkets in the DC area would be out of business.



Source: IRFA staff photo, August 29, 2017. Kum & Go station on 86th Street in Johnston, Iowa.

In addition, EPA erred in assuming that the Prime the Pump grant program would be fully phased in by the end of 2017,[55] which would lead to less E15 growth in 2018 compared to 2017. At EPA's August 1st hearing in Washington, DC, Prime the Pump board member Craig Willis of ADM explained that the Prime the Pump grant program will be continuing for at least two more full years, until the end of 2019. Strong industry-led efforts such as Prime the Pump will continue to expand and fortify the E15 success story.

E15 RVP Parity Now – Open Consumer Access to E15

Even as EPA appeared to discount that E15 use and availability is accelerating at record levels, the Agency also ignored the single biggest artificial impediment to increased ethanol use in the near term – the disparate treatment of E15 compared to every other ethanol blend concerning volatility limits. E15 is the only ethanol blend that cannot be produced year-round using the same gasoline blendstock as other ethanol blends in conventional gasoline areas (which encompass two-thirds of the gasoline sold in the U.S.). This situation allows gasoline refiners to restrict access to the blendstocks necessary for E15 during the summer driving season (June 1 through September 15).

[55] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34232.

Adding insult to injury, E15 is even more deserving of favorable volatility treatment compared to E10, as E15 both burns cleaner out of the tailpipe and has lower volatility than E10 when combined with the same gasoline blendstock. According to EPA, "The addition of ethanol to gasoline increases the volatility of the blend until a concentration of approximately 10 volume percent, after which increasing ethanol concentration slowly decreases blend volatility."[56]

So, despite the desire of some of the most respected fuel retailing chains in America to offer registered E15 to their customers during the summer months, gasoline refiners are essentially empowered to block cleaner-burning E15 and artificially protect from competition fuels with higher percentages of petroleum. This is a blatant example of purposeless government regulation unnecessarily interfering with market activities.

IRFA believes that EPA can address this situation through its existing authority by granting E15 the same one-pound waiver as E9 and E10, and we urge the Agency to do so with haste. In doing so, not only will EPA find support in the statutes, but also in the White House. While campaigning, President Trump made crystal clear that: "As President, I would encourage regulators to end restrictions that keep higher blends of ethanol and biofuel from being sold."[57]

In administering the RFS, if the EPA is going to emphasize its view that growing ethanol use beyond E10 faces constraints, then it should take the actions within its authority to remove these constraints. It is imperative that the EPA move quickly to remove the largest, near-term artificial barrier to further E15 access and use. Additionally, IRFA asks that EPA support legislative efforts to codify the solution. Allowing more consumers the option of E15 provides them with a higher octane, lower cost, lower emissions fuel while at the same time significantly improving RFS compliance options for obligated parties.

The dilatory impact on RFS compliance from the inequitable RVP treatment for E15 does not stop with the reduced summer sales for those offering E15 today.[58] While that impact is quite substantial, it pales in comparison to the impact of RVP on retailers considering whether to offer E15 in the first place.

IRFA surveyed Iowa retailers in preparation for these comments. Of the responding Iowa retailers not already offering E15, an amazing 26 percent stated flatly they would add E15 to their fuel options if the RVP issue was corrected and they could offer E15 year-round to all 2001 and newer passenger vehicles. Maybe just as impressive, an additional 53 percent of Iowa retailers stated they would consider offering E15 if the summertime restriction was removed.[59]

The EPA should not underestimate the impact on the RFS and RIN availability and pricing resulting from its inaction to correct this glaring problem. Allowing E15 to be sold year-round

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[56] U.S. Environmental Protection Agency. "Renewables Enhancement and Growth Support Rule; Proposed Rule." Federal Register. Vol. 81, No. 221. November 16, 2016. Proposed Rules. p. 80851

[57] Donald Trump Address at Iowa Renewable Fuels Summit. Altoona, IA. January 19, 2016. https://www.youtube.com/watch?v=66sE02vfUYs

[58] Iowa retailers report E15 sales during the summer RVP season drop on average from 50 to 85 percent compared to the winter season, despite higher miles driven.

[59] IRFA sent a survey to the 259 Iowa retailers for which it had emails. August 2017.

may be the most impactful step the EPA could take within its legal authority to ease RFS compliance in the near term.

Look Ahead, Not Behind on Cellulosic Biofuel

IRFA is also extremely disappointed in EPA's proposal to cut cellulosic biofuel volumes by 25 percent year-over-year. This lackluster proposal threatens to weaken U.S. leadership in cellulosic biofuel development by both stifling domestic investment and innovation and actually redirecting that potential investment and innovation overseas. Admittedly, cellulosic biofuel production has fallen short of the targets set by Congress in the Energy Independence and Security Act. There are several reasons for this, including, but not limited to, the inherent challenges of trying to start a new industry during a financial crisis and decade long recession, the policy uncertainty created by the previous administration's cuts to RFS volumes (particularly its November 2013 proposal which turned the RFS on its head and froze investment for two years until the rule was finalized), the on-again/off-again federal tax credit, solving supply chain challenges necessary to scale up cellulosic biofuel production, and dealing with the impact of an RFS waiver credit process that undermined the demand-pull intentions of the RFS itself.

While still short of Congress' lofty aspirations, cellulosic biofuel producers are making tremendous strides here in Iowa and around the country to expand the deployment of clean, advanced biofuels, and to spur the next great manufacturing boom in rural America. In mid-2016, Quad County Corn Processors (QCCP), in Galva, IA, became the first U.S. cellulosic ethanol company to produce 5 million gallons, converting corn kernel fiber into cellulosic ethanol.[60] Many corn-based ethanol producers have followed QCCP's example in adopting one of several corn kernel fiber technologies, and IRFA estimates that at least 13 Iowa plants will produce between 20-25 million gallons of corn kernel fiber cellulosic ethanol in 2018.[61] Similarly, Iowa's two stand-alone cellulosic ethanol plants (Poet-DSM Project Liberty in Emmetsburg and DuPont Cellulosic Ethanol in Nevada) are poised for significant production growth in the last months of 2017 and throughout 2018.

With the demonstrated success and accelerating growth of Iowa's cellulosic ethanol producers in mind, IRFA believes the revised methodology of projecting 2018 cellulosic ethanol production based "on an analysis of actual liquid cellulosic biofuel production in 2016"[62] is illegal because it ignores the statute and Court orders to project volumes with a "neutral aim at accuracy." Further, IRFA believes that EPA knows this to be true based on the record already included in the docket.

[60] "Iowa plant passes 5 million gallon milestone for cellulosic ethanol." Wallaces Farmer. September 6, 2016. http://www.wallacesfarmer.com/story-iowa-plant-passes-5-million-gallon-milestone-cellulosic-ethanol-9-146345

[61] Based on confidential discussions with Iowa ethanol producers and technology providers.

[62] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34217.

The officially proposed rule contained dramatic alterations to the cellulosic biofuels sections compared with the draft rule sent to OMB for interagency review. This is especially curious because no comments from other agencies are listed for these sections.
The draft rule sent to OMB stated that the 2018 cellulosic biofuel projection was based on:

> "the same general methodology as was used in establishing the cellulosic biofuel volume standards for [2015-2017]… We believe this methodology produces a production projection that is consistent with EPA's charge to project volumes with a 'neutral aim at accuracy,' and that cellulosic RIN generation data in 2015 and 2016 demonstrate that the use of this methodology has produced reasonable projections in these years, that are not biased with the intention of either over estimating or under estimating cellulosic biofuel production."[63]

While acknowledging that this methodology had both over estimated and under estimated cellulosic volumes in the past, EPA justified this decision in the draft rule sent to OMB by noting: "We do not believe that this is a sufficient amount of data on which to conclude that our methodology is inappropriate for projecting liquid cellulosic biofuel production."[64]

Even more importantly, the EPA explained why the methodology should prove even more accurate in the future, stating:

> "Additionally, when reviewing the cellulosic biofuel production data from the final three months of 2015 and all of 2016 we find that facilities that convert corn kernel fiber to cellulosic ethanol at existing ethanol production facilities have generally over performed relative to our production estimates, while large stand-alone cellulosic biofuel production facilities have generally under performed. In 2018 we anticipate that the majority of the liquid cellulosic biofuel production will be from facilities converting corn kernel fiber to cellulosic ethanol at existing ethanol production facilities. We therefore believe it is prudent to continue to use our existing projection methodology rather than to adopt a new methodology that would result in lower production estimates as doing so could result in inappropriately low production projections for a commercially successful technology (corn kernel fiber conversion) based on historic scale-up difficulties at facilities using a largely unrelated technology. We believe that it is likely that, on a relative basis, the accuracy of our projection for 2018, using the same general methodology as in previous years, will increase as the overall production of cellulosic biofuel increases, and the proportion cellulosic biofuel expected to be produced using technologies that are currently being used to successfully produce cellulosic biofuel on a commercial scale increases."[65] (emphasis added)

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[63] U.S. Environmental Protection Agency. "E0 12866 Review – Revised Version, Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. June 2, 2017. p. 28.
[64] U.S. Environmental Protection Agency. "E0 12866 Review – Revised Version, Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. June 2, 2017. p. 28.
[65] U.S. Environmental Protection Agency. "E0 12866 Review – Revised Version, Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. June 2, 2017. p. 28.

In a footnote to this section, the EPA further noted:

> "89 percent of all expected cellulosic biofuel production in 2018 is expected to come from CNG/LNG derived from biogas and corn kernel fiber conversion technologies. Both these technologies have been successfully used to produce consistent volumes of cellulosic biofuel since 2014."[66]

However, when issuing the official proposed rule in the Federal Register, every word quoted above was deleted.[67] In their place was a new "look back" methodology that grouped all liquid cellulosic technologies together in order to reduce the overall projected gallons. There was no rationale or analysis provided on how this lump together/look back method would be more accurate. In fact, EPA in the official proposed rule took exactly the step warned against in the draft rule sent to OMB by ignoring that corn kernel fiber cellulosic ethanol producers have over performed in the past. And the result, just as was originally predicted by EPA itself, was a projected 2018 cellulosic volume that is "inappropriately low."

The original methodology looked at the various cellulosic market segments individually in order to best understand how past performance would impact future projections. The modified methodology ignored this detail and analysis in order to combine the segments into one group with the apparent purpose of trying to justify an inappropriately low 2018 RVO. This decision was not justified by the rule docket, the statute, or the Court-ordered directive to project volumes with a "neutral aim at accuracy."

This revised methodology not only assumes that plants that did not produce consistently in 2016 will produce almost nothing in 2018, even worse it projects that plants and technologies that did produce consistently in the past will not do so in the future. That is not a neutral projection.

EPA should follow the law by discarding this flawed, past-immortalizing methodology and return to a projection rationale that is the most accurate and future-looking. A "neutral aim" approach cannot assume that because a facility produced very little or no cellulosic ethanol in 2016, then the same will automatically be true in 2018, especially when there is real world data to the contrary.

EPA cannot seriously defend a methodology that projects only 1 million gallons of liquid cellulosic biofuel in 2018 from new producers[68] when it has in its hands applications for 20 to 25 million gallons per year of new production from a proven pathway (corn kernel fiber) from Iowa facilities ready to generate D3 RINs tomorrow.[69] IRFA urges EPA to restore the previous

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[66] U.S. Environmental Protection Agency. "E0 12866 Review – Revised Version, Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. June 2, 2017. p. 29.
[67] U.S. Environmental Protection Agency. "E0 12866 Review – Revised Version, Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. June 23, 2017. p. 29-30.
[68] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. Table III.C.1-4-Projected Volume of Liquid Cellulosic Biofuel in 2018. p. 34218.
[69] Based on confidential discussions with Iowa ethanol producers and technology providers.

methodology as outlined in the draft rule sent to OMB and to correspondingly set the cellulosic RVO at 384 million gallons as EPA had originally determined under that methodology.

Approve Cellulosic Ethanol Pathways in a Timely Manner

As interest in corn kernel fiber cellulosic ethanol technology continues to expand, it is imperative that EPA take timely action to ensure that cellulosic production is not artificially limited. EPA should take several steps to improve its RFS registration and pathway approval process. For instance, IRFA commends the diligent efforts by EPA staff to revise the efficient producer pathway rules to allow grandfathered facilities to utilize that pathway for co-production of RFS qualifying corn starch ethanol and cellulosic ethanol produced from corn kernel fiber. IRFA looks forward to EPA issuing the revised language as soon as possible. This change will significantly cut down the time it would take for existing plants in Iowa to register for D3 RIN production and bring those much-needed gallons to market prior to 2018.

End the Undermining of Cellulosic Ethanol by Excess Waiver Credits

While the most significant challenge to overcome for several current and potential cellulosic ethanol producers is EPA's backward-looking proposal to cut cellulosic biofuel levels by 25 percent for 2018, there are other formidable regulatory obstacles that are hindering cellulosic biofuels' growth and success.

When the RFS was expanded in 2007, Congress created a specific goal for the increased use of cellulosic ethanol. Since the volume schedule for cellulosic ethanol was admittedly aspirational, Congress provided the EPA with broad authority to adjust the annual volume levels to be achievable while still providing a needed economic push for these fuels. Congress also enacted an additional protection for obligated parties in the form of allowing EPA to issue cellulosic waiver credits (CWCs).[70] Under this system, the EPA is allowed to project cellulosic ethanol production in the future to account for the growth of this very young industry, but if actual production falls short, obligated parties could access the CWCs.

Unfortunately, to date, EPA has essentially made available unlimited CWCs and priced them in such a way that there is no incentive for obligated parties to actually buy physical gallons of cellulosic ethanol. In essence, the EPA has created a double supply of physical gallons plus paper credits for compliance. Therefore, the current situation completely undermines the innovation and investments being made in cellulosic technologies, while once again completely undermining the primary purpose of the law, which is to stimulate commercial production of physical cellulosic biofuel gallons.

As mentioned before, Iowa is home to two stand-alone, commercial cellulosic ethanol facilities utilizing corn stover, and many conventional ethanol producers in Iowa have also made investments to convert corn kernel fiber into cellulosic ethanol. These investments were made on the assumption that the cellulosic portion of the RFS will work effectively, but to date it clearly has not. IRFA asks EPA to immediately end its practice of making CWCs unconditionally

[70] 42 U.S. Code § 7545(o)(7)(D)

available on a gallon-for-gallon basis with the annual cellulosic biofuel levels, and to only issue CWCs when there is a physical shortage of cellulosic ethanol compared to the annual RVO level set by EPA. Congressional intent was clearly to help the infant cellulosic ethanol industry gain access to the marketplace, not to issue unlimited paper credits that are an expense for obligated parties with no corresponding societal benefit in advancing the production and use of cellulosic ethanol.

Carryover RINs Should be Considered

IRFA was disappointed to see the current EPA lean on the previous administration's reasoning to conclude that "an intentional drawdown of the carryover RIN bank should not be assumed in establishing the 2018 volume requirements."[71]

As stated in IRFA's final comments to the previous administration, a RIN is nothing more than the electronic signature of a physical gallon of qualifying renewable fuel. Carryover RINs represent actual, physical gallons of renewable fuel that were produced and remain available – in their electronic format – as part of the total renewable fuel supply for use by obligated parties in complying with their RFS requirements.

The RFS was enacted in order to break down petroleum monopolies and drive the market for renewable fuels. Therefore, carryover RINs (beyond a small amount for fungibility) are essentially the proof that the market has moved faster than the RFS. In order to get the RFS back on track, the annual RFS levels must take carryover RINs into account – the RFS needs to catch up to the market.

Ignoring more than 2 billion carryover RINs when determining available supply, while at the same time reducing total renewable fuel volumes, simply flies in the face of the clear intent of the RFS program.

It also flies in the face of EPA's own precedents. When evaluating several requests for RFS waivers during the historic drought of 2012, just as when evaluating the 2008 waiver requests, the EPA clearly and specifically took into account the "available quantity of carryover RINs"[72] when determining whether a waiver was justified. The reduced yields and higher corn prices associated with the horrendous 2012 drought led to a significant pull-back in ethanol production. However, as "indicated by EPA's modeling, the impact of the RFS volume requirements is highly dependent on the volumes at issue, *the number of RINs carried over from prior years* and the relevant market commodity prices…" (emphasis added).[73] In discussing the importance of

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[71] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34213.

[72] Environmental Protection Agency. "Notice of Decision Regarding Requests for a Waiver of the Renewable Fuel Standard." *Federal Register* Vol. 77, No. 228, page 70753.

[73] Ibid.

carryover RINs, EPA noted "the number of rollover RINs available during the 2012/2013 marketing year affects the impact of implementation of the RFS volume requirements in 2013."[74] Had the "availability of rollover RINs"[75] not been factored in to EPA's "stochastic modeling," it is fair to ask whether the decision to deny the 2012 waiver might have been different. Yet, history shows the decision by EPA to factor in carryover RINs was correct. Partly by using carryover RINs, obligated parties met their 2012 and 2013 obligations, and there was little meaningful impact from the RFS on other economic sectors. The drought-induced price impacts dissipated and disappeared as the 2013 corn crop matured and was ultimately harvested.

Consistent with the 2008 and 2012 waiver request evaluations, EPA once again factored carryover RINs into its 2013 RFS level determination. In deciding not to reduce the 2013 statutory RFS levels, EPA stated: "There will also be a significant number of carryover RINs available from 2012 that can be used in lieu of actual volume in 2013 and which are sufficient in number *to address limitations in consumption of ethanol blends higher than E10*…" (emphasis added).[76]

In fact, in response to suggestions during the 2013 public comment period that EPA should not factor in carryover RINs when determining annual volume requirements, the EPA responded: "…the final rulemaking for the RFS1 program did not describe the purpose of carryover RINs in such narrow terms. Droughts were indeed provided as an example of a market circumstance that could limit the production of renewable fuels, but the RFS1 final rule also described the use of carryover RINs more broadly as a means for protecting against any potential supply shortfalls that could limit the availability of RINs."[77]

Even more importantly, after noting that carryover RINs "are a valid compliance mechanism" the EPA highlighted that its job is "estimating the adequacy of the availability and use of ethanol in 2013 for compliance purposes, and the availability of carryover RINs is certainly relevant in analyzing that issue. Therefore, we believe that it is appropriate to consider carryover RINs in the context of evaluating the comments received on the need for further compliance relief to address the E10 blendwall."[78] The EPA approach was challenged and upheld by federal courts.

Despite this tried and true approach to carryover RINs, in a flip-flop with huge implications, the EPA decided in its 2014-2016 RFS final rule that it would be "prudent"[79] to set an RFS level that envisions absolutely no "draw-down in the bank of carryover RINs."[80] IRFA predicted in our

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[74] Environmental Protection Agency. "Notice of Decision Regarding Requests for a Waiver of the Renewable Fuel Standard." *Federal Register* Vol. 77, No. 228, page 70758.
[75] Environmental Protection Agency. "Notice of Decision Regarding Requests for a Waiver of the Renewable Fuel Standard." *Federal Register* Vol. 77, No. 228, page 70775.
[76] Environmental Protection Agency. "Regulation of Fuels and Fuel Additives: 2013 Renewable Fuel Standards." *Federal Register* Vol. 78, No. 158, page 49797.
[77] Environmental Protection Agency. "Regulation of Fuels and Fuel Additives: 2013 Renewable Fuel Standards." *Federal Register* Vol. 78, No. 158, page 49822.
[78] Ibid.
[79] Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2014, 2015, and 2016 and Biomass-Based Diesel Volume for 2017." *Federal Register* Volume 80, No. 111. page 33130.
[80] Ibid.

comments for the 2017 RFS rule that RIN stocks would actually increase, and EPA's data confirms that "we now estimate that there are now at most 2.06 billion carryover RINs available, an increase of 520 million RINs from the previous estimate of 1.54 billion carryover RINs in the 2017 final rule."[81]

The RIN system was designed as a compliance mechanism for obligated parties under the RFS. However, an equal—if not greater—amount of concern over flexibility for obligated parties also went into the final RIN system design. If the current EPA pattern to ignore carryover RINs continues, then the "flexibility" of the RIN system becomes one-sided, to be used only to unnecessarily reduce the RFS levels and to undermine the stated goals and implementation schedule of the RFS. IRFA urges the EPA to return to the commonsense approach of factoring carryover RINs into the decision-making process, as was done during the 2008 and 2012 waiver request determinations, and again when EPA set the 2013 RFS levels. This method is consistent with the letter of the law and the intent of Congress – and it has been upheld by federal courts.

RIN Transparency

In the proposal, EPA sought "input on potential changes to the RIN trading system that might help address…whether and how the current trading structure provides an opportunity for market manipulation."[82]

IRFA believes the key in this area is to maintain the focus on the big picture – proper implementation of the letter and intent of the RFS as passed by Congress. The RIN system and corresponding trading market only exist because of the need for a flexible and transparent RFS compliance structure. As such, it should not be allowed to interfere with the smooth operation of the RFS. To do so would run counter to its intended purpose.

So keeping in mind that the RIN system is first and foremost an RFS compliance system, and not a speculative commodities market, the solution should follow the advice we all learned in grade school: keep it simple. Parties must register with EPA's EMTS system to generate, trade or retire RINs. Simply make public the RIN transactions as they clear the EMTS system – including the parties involved, the number of RINs, and any associated prices. The preeminent purpose of the RIN system as a compliance mechanism overrides any concerns of business confidentiality.

The Problem is Lack of Compliance, Not Lack of Demand

In reviewing the proposed rule in total, the EPA asks for comments on whether each and every RVO should be reduced (conventional) or reduced further (all advanced categories). At times,

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[81] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34213.

[82] U.S. Environmental Protection Agency. "Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019; Proposed Rule." Federal Register. Vol. 82, No. 139. Friday, July 21, 2017. Proposed Rules. p. 34211.

the Agency goes to, what appears from our viewpoint, great lengths and even potentially illegal lengths to look for reasons to lower the RVOs. Many of these machinations revolve around a perceived lack of demand for additional levels of biofuels.

IRFA urges the EPA to reembrace the fundamental purpose of the RFS – to crack open the petroleum monopoly so that renewable fuels can have access to consumers. In short, there is not a lack of actual demand, but a lack of consumer access stemming from a lack of compliance with the letter and intent of the RFS.

Biodiesel use in 2016 was well above the 2019 proposed level. Follow the law and set the final BBD RVO at 2.75 billion gallons.

Cellulosic production in some categories has exceeded past EPA projections. Project those technologies and producers on their own merits, don't discount them because other categories have underperformed projections. Follow the law and set the final cellulosic RVO at 384 million gallons.

E15 availability and use is at record highs and growing. The same is true for E85. Follow the law and set the conventional RVO, as proposed, at 15 billion gallons.

Finally, if demand is a sincere concern then take the obvious and overdue step within the Agency's power to let loose the higher blend market by equalizing RVP regulations for E15.

The very nature of a comment period forces interested parties to focus on the shortcomings of any proposal, for that is where progress can be made. IRFA fully respects that the document we reviewed is only a proposal. EPA now has the ability and obligation to consider the public input. IRFA urges EPA to thoroughly consider the issues raised above. By doing so we remain hopeful and optimistic that the final rule will be improved – for it is the final rule that matters. It is the final rule, not the proposal, upon which the EPA will be judged.

IRFA remains confident that the final RVO rule will live up to the Administrator's commitment when he stated: "To honor the intent, and the expression of the Renewable Fuel Standard statute is very, very important. It is not the job of the Administrator of the EPA to do anything other than administer the program according to the intent of Congress, and I commit to you to do so."

We stand ready to work with you and to provide any further information or background on this issue where we may be of assistance. Please do not hesitate to contact me at mshaw@IowaRFA.org or 515-252-6249.

Sincerely,

Monte Shaw
Executive Director

Grant Menke
Policy Director