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I'm an optimist. And I think by the end of 2021, we'll all feel better about the future, the health of the biofuels industry, and we'll be able to commiserate about what we've just come through once again face-to-face. I certainly look forward to that. Normally I spend a little time now reviewing the previous year, but who the heck wants to relive 2020?

I would be remiss, however, if before moving on I did not give a shout out to a few folks for how they confronted COVID-19. It was clear early on that the demand for sanitizing products was overwhelming the commercial system. I reached out to Governor Kim Reynolds' office and offered our assistance. After all, hand sanitizer is mostly ethanol, and the other key ingredient is glycerin, a byproduct of biodiesel production.

Governor Reynolds directed Iowa Prison Industries to undertake hand sanitizer production. While this was completely new to them, their leader, Dan Clark, has what I think of as a typical Iowa mentality – get it done. And he did. Iowa Renewable Fuels Association (IRFA) members Absolute Energy, Green Plains, and Southwest Iowa Renewable Energy donated shipments of ethanol. Western Iowa Energy donated glycerin.

In the end, thousands of gallons, which equates into tens of millions of doses, of hand sanitizer from this project were distributed to the Iowa Veterans Home, Iowa prisons, housing facilities run by the Iowa Department of Human Services, childcare facilities, hospitals, nonprofits, and many other groups and locations. I have no doubt that this project literally saved lives. On behalf of all Iowans, let me say a heartfelt thank you and job well done.

I will also never forget the generosity of Lincolnway Energy. In the depths of the COVID lockdowns, with fuel sales plummeting, roughly half of the ethanol industry was shut down. Many folks in America didn't realize that much of our industrial CO₂ is captured at ethanol plants. And they didn't realize the uses of CO₂ range from putting the bubbles in your beer and pop, to the dry ice needed for vaccine distribution, to even playing an integral role in many municipal water treatment facilities.

As I understand it, the word went out that the Des Moines Water Works was facing a critical shortage of CO₂ and it could impact the city's water supply. Well, like a good neighbor, Lincolnway Energy was there. The board of Lincolnway voted to ramp up the plant, even though it would be operating at a loss, so they could supply CO₂ to the city of Des Moines. Simply amazing, yet typically Iowan.

There are too many other examples of plants making small batches of hand sanitizer to meet local needs, or donating N95 masks and PPE to recount here.

Our industry just suffered through the triple whammy of RFS exemptions, lost export markets, and COVID demand destruction piled on top of each other. You know it's a tough year when the historic derecho windstorm doesn't even make the top three on your list of challenges. Yet, here we are. The power of biofuels to propel the rural economy is so great that the people in this industry will simply never give up.

That, my friends, is the state of the Iowa biofuels industry in 2021: battered, but battling for a better future.

As Mike noted, this is a new time for the industry. With vaccines rolling out, we can hope that the worst of COVID-19 is behind us. Yet policy uncertainty – and opportunity – remains. And while some are tempted to think that with the Trump EPA in the rearview mirror, everything will be easy going forward. I do not share that view.

Certainly, things should get better. The lack of transparency, consistency, candor, and respect for the law exhibited at the EPA during the Trump Administration was like nothing I've ever experienced before. But I've been around long enough to know that biofuels will face battles regardless of who or what party controls the White House or Congress. No matter which way the political winds are blowing, we can be assured that pressure will be coming from either petroleum interests on one side or the extreme wing of the environmental movement on the other. And usually both at the same time.

Remember, the Obama EPA approved E15 for 2001 and newer vehicles, but not the summer volatility allowance. They denied oil state governor requests for RFS waivers, but then illegally exercised the general RFS waiver authority to destroy a billion gallons of biofuels demand. They approved cellulosic corn kernel fiber RFS pathways but ended the incentive for flex fuel vehicle production.

The Trump EPA destroyed over 4 billion gallons of biofuel demand through the illegal use of RFS refinery exemptions. But they approved summertime E15 sales. They shut down new cellulosic RFS pathways, but signed into law a multi-year extension of the biodiesel blenders tax credit.

Let me be clear, I'm not trying to argue one side is better than the other. I'm simply making the point that biofuels have always, and will always, face challenges.

Our optimism for the future shouldn't be blind. At the same time, I look forward to embracing the new opportunity to build a better, more trusting and productive relationship with the Biden EPA. There are reasons to be optimistic.

On the campaign trail, President Biden criticized the rampant use of refinery exemptions by the Trump EPA, stating:

“...we have a president who has sold out our farmers by undercutting the Renewable Fuel Standard with the granting of waivers to Big Oil...

“The Renewable Fuel Standard marks our bond with our farmers...

“A Biden-Harris Administration will promote and advance renewable energy, ethanol, and other biofuels to help rural America and our nation’s farmers...”

President Biden should follow through by quickly restoring the proper legal thresholds for RFS exemption requests. IRFA will also be urging President Biden to repair the damage. One early way to restore trust and to institute respect for the law would be for the Biden EPA to put back the 500 million “remand” gallons I’ve talked about at the last four Summits.

Think about it. The Obama EPA illegally waived these gallons in 2016. Our industry sued. The D.C. Circuit Court sided with us in 2017 and “remanded” the case back to the EPA to restore the lost gallons. Of course by this time, Trump’s folks were in charge at the EPA. And despite four years of opportunity and urging, Mr. Pruitt and Mr. Wheeler just blatantly ignored the court order.

Think of the message it would send if Biden’s EPA acted quickly to follow the Court’s directive, thereby providing the ointment the Trump EPA withheld to heal the wound the Obama EPA created. Certainly, there are more far-reaching issues facing our industry. But the message from this one action, which could be taken immediately, would signify that we are truly entering a new, more hopeful, phase for biofuels.

There is no shortage of things to be done. At last year’s Summit, I put up on the screen a “to do” list for 2020. Between the COVID-19 pandemic and a presidential election that tied many policy debates into knots, a little, but really not much, progress occurred. As I scan this list, we could check off one, maybe two, of these priorities. But we’d need to add Brazil trade issues and a low carbon octane standard among other new challenges.

In short, we must be ready to do battle in 2021. I believe one of those battles will be getting some folks in the Biden Administration to stand behind sound science instead of adopting the bumper sticker policy fads of the day. Never in my lifetime has D.C. descended into the tribalism and lack of serious thought we are seeing today. We are seeing facts, logic, and deliberation shunned in favor of pronouncements from a pantheon of political deities from across the partisan spectrum.

We are seeing elected officials hit the policy “easy button” of an unworkable slogan that will fit on a bumper sticker instead of bringing people together to work on real solutions that require time, earnest effort, and heaven forbid, a bit of compromise. Self-appointed “leaders” are more concerned about outdoing their rivals for interviews on cable news shows than about the practicality of what they’re espousing.

One example is the head-long rush to enact an electric vehicle (EV) mandate. Now, I think EV sales will continue to grow and that they will play an important role in our transportation future. But look where the debate went over just the last year. Some called to expand the cap on the current EV tax credit so more rich people could get ten thousand of your tax dollars for buying a Tesla. Others wanted billions and billions to build charging stations.

Then people said that’s not aggressive enough, we will mandate all cars be EVs by 2050. Soon others complained that’s too late to help, we should mandate EVs by 2045. Then 2040. Then

2035. Finally, they said we want an EV mandate by 2035 but the phase-in had to start in 2025. Today, this is an executive order in California and is legislation sponsored by several leading Senators and House members in D.C.

No thought to if automakers could actually produce this many EVs by 2025. No thought as to what a normal working person might be able to afford. And most importantly, no thought as to whether EVs are even the best option available today to reduce carbon. That's the part that bothers me the most. If you truly care about climate change, shouldn't that be your first question? Or do you just care about sounding like you are a leader in the fight against climate change?

Shouldn't we discuss that many number crunchers find an EV charged in a state like Missouri or Minnesota or many other states that rely on coal for electricity, actually has a higher carbon footprint per mile than my flex-fuel Tahoe motoring down the road powered by E85. Biofuels supporters must be ready to fight EV mandates in 2021.

And in Iowa we are off to a good start. When the legislation was introduced in D.C., IRFA reached out to all of the candidates running for federal office. Half of these candidates had an R behind their name, and half a D. Some listed climate change as a priority issue, some did not. But they were united in saying that an EV mandate is a mistake – a mistake for Iowa, and a mistake for reducing carbon as well. If there is to be a new carbon policy, then set the goals and let the various technologies compete. Biofuels are the best option to reduce carbon over the next decade.

With advances in production technologies coupled with advances in farming practices, there's no reason that traditional biofuels, like corn ethanol and soybean oil biodiesel, can't be darn close to net-carbon neutrality by the end of this decade – if farmers are given credit for their carbon sequestration. So, biofuels supporters also better be ready to battle for sound science in accounting for farming improvements.

There are groups out in DC right now trying to convince the Biden team that farmers are bad, growing corn is horrible for the environment, and biofuels like ethanol are nothing short of evil. Luckily, we will have a strong and knowledgeable voice inside the Biden Administration. And that's because there is no doubt that USDA Secretary designee Tom Vilsack will stand up for sound science for both farming and biofuels. But he cannot stand alone. We need Iowa united. We need the Midwest united.

Over the past four years, our Iowa champions have battled relentlessly on our behalf. We owe a huge debt of gratitude to Governor Reynolds and Senators Grassley and Ernst. It is frightening to think of how much more difficult our position would be today if they had taken even one day off from the fight. But with a new administration, biofuels supporters will need new champions to step up and lead some fights. And as some new faces step to the forefront, they may not always be from Iowa, but Iowa will always stand beside them. There may be a long "to do" list, but I believe the biofuels community and our elected champions are ready to battle for a better future.

I have not yet spoken with or met the new designee to head the Biden EPA. Michael Regan is a veteran of the EPA, the Environmental Defense Fund and state environmental enforcement. But what caught my eye was this passage in Nature magazine:

“Regan is expected to put new emphasis on environmental justice, to protect poor and under-represented communities that are disproportionately impacted by pollution and climate change.”

The term “environmental justice” may be new to some of you, but the concept has been gaining steam over the last decade. In short, its adherents believe we don’t just need to protect the environment, we also need to ensure we do so in a way that protects poor and minority communities. If you’re a Summit veteran, you may remember we’ve had a panel the past few years on the tailpipe benefits of ethanol compared to petroleum-based octane alternatives. It is an IRFA priority to promote this beneficial aspect of ethanol – ethanol doesn’t just reduce carbon emissions, it also reduces cancer-causing tailpipe emissions.

We will be seeking to share with Mr. Regan the findings Dr. Stephan Mueller presented at last year’s Summit on how switching from aromatics like benzene to higher blends of ethanol will not just clean the air we breathe, but it will disproportionately benefit those communities who live closest to major roadways. And those communities are disproportionately poor and/or minorities. We hope the new ears at EPA will be more willing to listen on this topic than the previous appointees.

And while we’ll always keep one eye on D.C., it would be a mistake to put all our policy hopes and dreams in the D.C. basket. Coastal elites are trying to dictate our energy future. And their vision usually doesn’t take into consideration what the Midwest and agriculture have to offer. And too often, they even put their fingers on the scales of sound science in an effort to promote their preferred bumper sticker solutions over biofuels. IRFA believes it would be a major mistake to sit back and let the coasts drive the energy debate. Midwestern states like Iowa need to aggressively carve out a role for biofuels in this region before it’s too late.

One note of caution: as Midwestern states seek to become more active in the biofuels policy debate, we need to ensure we don’t succumb to the mirage of bumper sticker solutions either. I firmly believe that over the next several years, Unleaded 88 will become the new normal. It’s cheaper, cleaner, and better for your engine. It is selling itself. Certainly, there are state and federal policies that will allow that transition to happen sooner, and we should support those.

But my caution is this: biofuels supporters must consider not just the fuel; we must keep access to the fuel tank as a top priority as well. Let me explain. Let’s say that someone proposes a low carbon fuel standard (LCFS), and let’s say this LCFS is based on sound science and not biased against biofuels like some of the current coastal models. Sounds good, right?

Well, yes... and no.

A little over a year ago, I sat in a meeting with automakers where they were crystal clear that every new LCFS policy enacted was a signal to them to increase investments to bring more electric vehicles to the market sooner. More EVs equals fewer fuel tanks. So, under this biofuels friendly low carbon fuel standard, ethanol blends might be the most attractive low carbon option, but they would be capped at 15 percent of the fuel tank – and there would be fewer vehicles with fuel tanks.

Therefore, the question becomes: does an LCFS that speeds the move to Unleaded 88 for liquid-fueled vehicles create more of a benefit than is offset by the corresponding reduction in the production of liquid fueled vehicles? I urge biofuels supporters working on state or federal policy to keep in mind fuel tank access for higher blends, and be wary of analyses that magically assume ethanol will gain more than a 15 percent share of the tank without specific policy provisions that will approve higher blends in new vehicles.

IRFA is not opposed to LCFS proposals. But let's not just make Unleaded 88 attractive. Biofuels supporters must battle to open up tanks to even higher blends. For the former without the latter may actually move us backward. To this end, I should note there's legislation pushed by the National Corn Growers and many biofuels groups that does both. It's known as a low carbon octane standard. It would drive higher blends of ethanol, but it also includes key provisions that would allow much higher ethanol blends in future vehicles powered by liquid fuels.

Here in Iowa, IRFA will work with ag and biofuel groups, with Governor Reynolds, and with our legislature to pursue any opportunity to drive demand for biofuels. Federal policy is hugely important and export markets can be hugely beneficial, but we've seen over the last four years how fickle they can be as well.

While biodiesel production hung tough, the recent challenges resulted in Iowa producing half a billion gallons less ethanol in 2020 than just the year before. Biofuels are still one of the most important drivers for the Iowa economy, but our positive impact is diminished. According to IRFA's annual economic impact study, the production of ethanol and biodiesel accounts for nearly \$4 billion in state GDP, supports 37,000 direct and indirect jobs, and boosts Iowa household income by \$1.8 billion.

That is a significant impact, but all of those numbers are down 20 to 25 percent compared to the previous year. Quite frankly, this is a wake-up call to redouble our efforts at the state level. If Midwestern states work together, we can drive local demand for biofuels in a meaningful way, thereby providing a sturdy market foundation – even as we supply the rest of the United States and markets around the world.

Iowa currently has a successful suite of tax incentives and grants for retailers to offer biofuels. But we will need to examine every program and consider proposals that might drive demand further and faster.

Many consider the most effective program for biofuels in Iowa to be our Renewable Fuels Infrastructure Program. RFIP for short. RFIP is a public-private partnership that gives retailers cost-share grants to help install equipment so they can offer biodiesel blends and E15, marketed as Unleaded 88, to consumers. The popularity of Unleaded 88, with more octane at a lower price than regular unleaded, is attracting consumers and retailers alike. In fact, to date the roughly 900 projects funded by RFIP have leveraged almost \$250 million in private investment.

The demand is so great that the RFIP program ran out of funding at the very first of what should have been four quarterly meetings. Today, there are so many pending grant requests, with five months still to go in the fiscal year, that if the legislature provided the historic funding level of \$3 million, it wouldn't even cover those requests – let alone any that will come in over the next

five months. And remember, the next round of funding is supposed to be for the next fiscal year, not to cover this year's shortfalls.

Iowa needs to dramatically increase RFIP funding if it wants to maximize the move to higher ethanol blend availability. IRFA today is calling on the legislature to provide \$15 million a year for the next five years so that every retailer in Iowa will have the opportunity to move to Unleaded 88. Is this aggressive? Yes. Can it be done? Absolutely. IRFA stands ready to work with the legislature to explore ways to secure this new funding without creating shortfalls in other areas. In order for Iowa to forge a better future, this is a battle worth fighting.

And this is the type of workable, but impactful policy we need to see more of around Iowa and the U.S. Policymakers should put the bumper sticker solutions behind them, and let technologies truly compete. In doing so, the future is bright for biofuels. As we turn to a new page in the biofuels story, let's work together to write the next chapter in a way that embraces the new opportunities, while applying the lessons from the past. I'm an optimist. And I believe the new chapter for biofuels can be our best yet.