

**TESTIMONY OF SAMANTHA SLATER
VICE PRESIDENT OF GOVERNMENT AFFAIRS
RENEWABLE FUELS ASSOCIATION**

U.S. ENVIRONMENTAL PROTECTION AGENCY
PUBLIC HEARING
RE: PROPOSED RULE FOR 2019 RENEWABLE VOLUME OBLIGATIONS
(DOCKET No. EPA-HQ-OAR-2018-0167)

YPSILANTI, MICHIGAN
JULY 18, 2018

On behalf of the members of the Renewable Fuels Association (RFA), I would like to thank you for maintaining the 15-billion-gallon requirement for conventional biofuels in the 2019 Renewable Volume Obligation (RVO) proposal. However, given the recent wave of secret small refiner exemptions granted by the Environmental Protection Agency (EPA), we unfortunately do not trust that the rule will actually require 15 billion gallons of conventional renewable fuel blending in 2019. And, by failing to remedy the harm done by other recent EPA actions on the Renewable Fuel Standard (RFS), the proposal rule for 2019 RFS blending requirements is yet another blow to America's farmers and ethanol producers.

On the surface, the proposed rule raises the total 2019 RVO by 3 percent over the 2018 requirement, and maintains a 15-billion-gallon requirement for conventional biofuels like corn ethanol. But due to EPA's failure to stem the tide of small refinery waivers, its refusal to reallocate lost blending volumes, and its brazen repudiation of binding court decisions, the proposed rule is superficial and toothless, and undermines President Trump's commitment on the RFS.

The 15-billion-gallon requirement for conventional biofuels like corn ethanol should, in theory, send a positive signal to the market. The proposed rule, though, comes in the wake of 2.25 billion ethanol-equivalent gallons of demand destroyed by illegal waivers to small refineries, and no commitment that EPA is changing its approach to granting these exemptions. Thus, the proposal means nothing until EPA reallocates those lost gallons and sets forth a more transparent and rational process that assures small refinery waivers are not abused or granted unnecessarily. Interagency review documents show that EPA was planning to do the right thing by reallocating volumes from expected small refiner exemptions. The documents reveal that EPA believed this reallocation approach was necessary in order to meet the clear intent of the law. However, the reallocation measures were ultimately removed just days before the proposal was released. Unfortunately, this RVO proposal is a missed opportunity to address the flawed and opaque small refinery waiver process.

In November 2015, EPA finalized a 2016 RFS requirement of 14.5 billion gallons for conventional renewable fuel, even though Congress specified a requirement of 15 billion gallons for 2016. In July 2017, the D.C. Circuit Court of Appeals ruled that EPA erred in reducing the 2016 requirement from its statutory level and directed EPA to enforce the statutory requirement of 15 billion gallons for 2016. The proposed rule also fails to address the court-ordered remand of 500 million gallons in forfeited demand from the 2016 RVO.

EPA, again, missed an opportunity in this proposal to address the disparate treatment of E10 and E15 with regard to volatility regulation. Decades-old EPA gasoline volatility regulations prevent the sale of E15 in much of the country in the summer months, despite the fact that E15 has lower volatility than

E10. The President has called the RVP barrier “unnecessary” and “ridiculous” and directed the Agency to fix the problem. These gasoline volatility regulations are exactly the kind of job-killing EPA regulations that need reform.

Administrative cuts to the RFS have resulted in significantly lower RIN prices, reduced corn and ethanol demand, avoided legal obligations for highly profitable businesses, and provided windfall profits for certain oil refiners. The final rule should do less to cater to the whims of the oil industry in implementing the nation’s renewable fuel program, and more to create demand for ethanol, lowering prices at the pump for consumers and creating economic opportunities for farmers across the country.

In closing, we strongly urge that EPA’s final rule:

- Adjust the 2019 RVO percentages to effectively reallocate projected small refiner exemptions;
- Address the court-ordered remand and include a plan for restoring the 500 million gallons missing from the 2016 RVO;
- Establish RVP parity for E15 and higher blends immediately; and,
- Lay out a plan for reallocating the renewable fuel blending volumes lost to small refiner exemptions in the 2016, 2017, and 2018 compliance years.

Such actions would finally begin to repair the damage done to ethanol and corn by EPA’s recent actions on the RFS.

RFA appreciates the opportunity to appear before the Agency today. Thank you.