

RFA, Corn Growers Call on Trump to 'Stand With Us Again' By Limiting SREs

A year to the day since President Donald Trump visited Southwest Iowa Renewable Energy's (SIRE) ethanol plant in Council Bluffs, Iowa, to tout EPA's final rule that cleared the way for year-round sales of E15, biofuel industry officials on Thursday used the anniversary to ask the administration to deny small refinery exemption (SRE) requests they say have hurt their industry.

In an open letter that appeared in a full-page advertisement in Thursday's Council Bluffs Daily Nonpareil newspaper, the president and CEO of the Renewable Fuels Association (RFA), Geoff Cooper, asked that the president "stand with us again," as the biofuels industry appears to be emerging from a tough year caused by a sharp drop in gasoline demand because of the coronavirus disease 2019 (COVID-19) pandemic, an oil supply glut caused by production disputes between Saudi Arabia and Russia and continued uncertainty over EPA's handling of SREs.

Along with the letter, leaders of the RFA, SIRE and the National Corn Growers Association (NCGA) hosted a call with reporters to discuss the state of the industry a year after Trump's visit.

On June 11, 2019, Trump touched down in Iowa to tour the Council Bluffs plant, where he spoke with industry representatives and promoted EPA's decision to lift summertime restrictions on the sale of E15, a step he promised the industry he would take.

It was at that event that Kevin Ross, a local farmer and president of the NCGA, confronted the president over his administration's expansion of the SRE program. Ross said he left the conversation "feeling like our message was well received," as he was assured by the president that the issue was being looked into.

In early August, EPA announced it had decided to grant 31 SREs for the 2018 Renewable Fuel Standard (RFS) compliance year.

"Those waivers really hit us like a ton of bricks," Cooper said on the call. "They exacerbated the industry demand struggles that we were already facing and they completely overwhelmed traction in the modest gains we were beginning to see from E15."

Those demand struggles worsened this year with the emergence of the COVID-19 pandemic and the OPEC+ oil price war.

"To say that the last year has been a rollercoaster ride for the industry would be an enormous understatement," Cooper said, adding, however, that the ethanol producers' health has improved recently, as production has risen by about 50% from late-April lows.

Scott Richman, chief economist for the RFA, also said that E15 has helped boost demand for ethanol. Data from Minnesota and Iowa, extrapolated on a national level, show 430 million gallons of E15 were sold last year, marking a nearly 50% increase from 2018.

Despite these successes, Richman said current production remains 25% below pre-COVID-19 and 40 plants are still offline.

In his letter, Cooper asked the administration to direct the EPA to abide by a Jan. 24 ruling by the 10th U.S. Circuit Court of Appeals that revoked three SREs. The court found that the agency had exceeded its authority in approving extensions of the waivers because the Clean Air Act (CAA) prohibits the agency from extending exemptions to refiners whose earlier waivers had lapsed.

Since then, the biofuels industry has pressed EPA to apply the ruling nationwide. EPA, however, has yet to say how it plans to respond to the decision.

The industry's anxiety over SREs has increased since EPA and U.S. Department of Energy (DOE) officials told Congress last week that a number of small refiners have applied for waivers for prior years in a bid to demonstrate that there was no break in their annual exemptions.

In a May 20 hearing before the Senate Energy and Natural Resources Committee, DOE Undersecretary Mark Menezes said the prior year "gap filings" are intended to establish a continuous string of exemptions "to be consistent with the Tenth Circuit decision."

At a hearing that same day in front of the Senate Environment and Public Works Committee, Wheeler said the agency would act on such petitions "as soon as we get that information back from the Department of Energy."

In the weeks following those comments, a number of biofuel industry groups have pressed EPA to deny such requests and asked that EPA enforce the 10th Circuit Court decision nationally.

Those groups, which include the RFA, Growth Energy, and the National Biodiesel Board (NBB), among others, have grown frustrated with a lack of communication from EPA.

Cooper told reporters RFA decided to appeal directly to the president because Wheeler has failed to put the RFS "solidly back on the tracks," and concerns that refining interests have a direct line to the administration.

"Ultimately, the buck stops in the Oval Office, and I think the president is aware of this issue," Cooper said.

Cooper said he hopes the letter will remind the president of the importance of the ethanol industry, and to let him know that "some of the issues we were dealing with a year ago still haven't been resolved or have actually gotten worse."

He also pointed to the administration's stated desire to help the oil industry recover from COVID-19.

"What we're simply asking for is some fairness and some equity in how assistance is provided to the energy industry," Cooper said.

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