

October 3, 2017

President Donald J. Trump
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Trump,

We commend your commitment to reinvigorate economic growth in America's heartland. The biofuels industry is poised to lead the next manufacturing wave across America. However, we are concerned about the Environmental Protection Agency's (EPA's) consideration of drastic, unprecedented changes to the Renewable Fuel Standard (RFS) that would undercut investments in the production of American-made biofuels such as ethanol and biodiesel. The proposed changes are inconsistent with the law and threaten the growth and prosperity of the U.S. biofuels industry.

EPA's changes are also inconsistent with Administrator Pruitt's assurances to uphold the law and your long-standing support of ethanol and the RFS. If the proposed changes are finalized, EPA's actions would cause severe harm to our industry, undermining your efforts to drive economic growth and secure America's status as the global leader in biofuel production. We urge you to act quickly to continue to grow the RFS, and we would look forward to working with you and your staff to do so.

Under the Agency's most recent RFS proposal, and the follow-up Notice of Data Availability (NODA) released on September 26, EPA is proposing to implement a series of changes to the regulation that would discourage U.S. investment in new production capacity and biofuel blending infrastructure, undermine the energy and economic security goals of the RFS, and disadvantage America in the global race to develop new technologies and commercialize next-generation biofuels.

To that end, we would like to clarify where our industry stands on several key RFS issues. We are requesting that you act quickly to prevent actions that will freeze innovation, hurt numerous rural manufacturing sectors, and slow economic growth in America's heartland.

1. The final 2018 RFS Renewable Volume Obligation (RVO) must require 15 billion gallons of conventional biofuels, as proposed. While EPA did not propose to invoke its general waiver authority to reduce the conventional biofuel requirement, it left the door open on the matter for the final rule. We oppose any weakening of the conventional biofuel standard.
2. The proposed rule rolls back the advanced biofuel requirement for the first time by flat-lining the 2019 biomass-based diesel standard and cutting the cellulosic biofuel standard by roughly 25 percent from 2017 levels. The volumetric cuts are unwarranted, and we have serious procedural concerns about how EPA reached its conclusions. According to the public record, EPA sent a stronger, pro-growth proposal to the White House Office of Management and Budget (OMB), but EPA leadership intervened to make drastic changes to the proposal after OMB review. EPA leadership inserted a modified methodology that discounts projected advanced biofuel volumes based on "actual production" from 2016. This new approach would signify a major policy shift long sought by the oil industry. The original version of the

proposed 2018 rule approved by OMB in early June warns against the exact path ultimately proposed, noting that “doing so could result in inappropriately low production projections for a commercially successful technology.” The new methodology should be dropped. The final proposal must be forward-looking and continue to grow advanced biofuel volumes. Already-finalized volumes for biomass-based diesel in 2018 must not be reduced.

3. On September 26, EPA published a Notice of Data Availability (NODA) exploring options for further reducing RFS advanced and total renewable fuel volumes. EPA is considering making biofuel imports ineligible for the RFS, while also reportedly exploring the prospect of making biofuel exports eligible for RFS compliance. These proposals originate from the same small group of petroleum refiners seeking to avoid the law by moving the RFS point of obligation, and would serve no purpose other than to paralyze growth in U.S biofuel markets, slow investment in blending infrastructure, strand investment in advanced biofuels, and export innovation overseas. Creating an “Export Subsidy RIN” may violate the statute and will almost certainly provoke a trade backlash – including potentially damaging tariffs on U.S. agriculture – via the World Trade Organization, which agreed in 2015 to abolish export subsidies. The current treatment of imports/exports under the RFS strikes the right balance and should be maintained.
4. For the first time, EPA is proposing to exclude new cellulosic biofuel gallons from facilities unable to secure registration from EPA *the year before* the actual compliance year. While we would not expect EPA to allow non-registered fuels to be eligible for compliance credits, there is no harm in receiving registration early in the compliance year and selling fuel thereafter. There is no better example of over-regulation than this one. If finalized, the new approach would slow down, rather than accelerate, the commercialization of cellulosic fuels.

Mr. President, thank you for your strong support of the RFS. We look forward to working with you to ensure that EPA and your Administration remains firm in that commitment.

Sincerely,

