RENEWABLE FUELS ASSOCIATION

Monday, November 28, 2022

United States Department of Agriculture
Rural Business—Cooperative Service and Rural Utilities Service
[Docket Number: RBS–22–NONE–0025]
1400 Independence Ave. SW, Rm 5803-S STOP 3201
Washington, DC 20250-3201

Submitted Electronically via regulations.gov

Re: Docket Number: RBS–22–NONE–0025. Written Comments on Higher Blends Infrastructure Incentive Program and Rural Energy for America Program to Supplement Comments at Inflation Reduction Act Listening Session

The Renewable Fuels Association (RFA) appreciates the opportunity to provide these comments to the Rural Business-Cooperative Service (RBCS) and the Rural Utilities Service (RUS), agencies of the Rural Development (RD) mission areas of the United States Department of Agriculture (USDA) regarding implementation of the biofuels infrastructure improvement provisions of section 22003 and rural energy funding in section 20002 of Public Law 117-169, 136 Stat. 2003 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA).

RFA is the leading trade association for America's ethanol industry. Its mission is to advance the development, production, and use of low-carbon fuel ethanol and co-products by strengthening America's renewable fuels industry and raising awareness about the benefits of renewable energy. Founded in 1981, RFA serves as the premier meeting ground for industry leaders and supporters. RFA's 300-plus members are working to help America become cleaner, safer, more energy secure, and economically vibrant.

Of particular relevance to the goals of the IRA, RFA's producer members have committed to bold carbon intensity reduction targets. These include ensuring that by 2030 ethanol reduces greenhouse gas (GHG) emissions by at least 70 percent, on average, when compared directly to gasoline and that by 2050, ethanol achieves net-zero lifecycle GHG emissions.[1] RFA sees HBIIP and REAP as important to this path to net-zero and beyond.

RFA would first like to thank USDA and RBCS for their work on the Higher Blends Infrastructure Incentive Program (HBIIP) and Rural Energy for America Program (REAP). These programs have already created powerful improvements in the availability of low-carbon fuels as well as enabling such fuels to further drive down their carbon impacts. RFA thanks USDA/RBCS for their openness to engaging with stakeholders while implementing the IRA. The following comments are informed by input from RFA's member companies, as well as RFA's collaboration with related industry groups and coalitions.

[1] RFA Net Zero Pledge President: Ethanol to Achieve Net Zero Emissions by 2050 or sooner, July 2021, https://ethanolrfa.org/pledge

I. HBIIP Insights from RFA's Experience

RFA has helped 39 companies in 21 states apply successfully for HBIIP funding resulting in the installation of over 1500 dispensers and 151 underground storage tanks at over 200 locations. These installations enable the distribution of 138 million additional gallons of low carbon ethanol annually. RFA assists dozens of applicants each year and has made considerable investments in training and application assistance. This work involves communicating with retailers of all sizes from across the country, maintaining contact with RBCS, and tracking awardees through the implementation of their projects. We have developed the following input to help remove bottlenecks, reach a broader pool of applicants, and take full advantage of the expansion under the IRA.

First, lengthening the HBIIP application window from 90 days to 6 months would significantly boost the program's overall success. With the current application timeframe, applicants begin at a time disadvantage because promotion of the program cannot commence until the application window opens. This leaves even less time to apply because interested parties often do not learn about grant availability until weeks into the application period.

Also, gathering all the information necessary to apply takes time. This process can be more time-consuming for applicants with fewer staff. RFA suggests that RBCS could extend the window and open up more demand for the program without causing delay by beginning review at 90 days but allowing rolling submission up to six months.

Second, RFA would encourage USDA to consider raising the dollar limits per entity so that larger chains with many stations can take full advantage of the expanded funding under the IRA. With the additional funding for the program, USDA will see new applications from current and prior awardees, some of whom have broken up their construction based on award limits. Increasing per-entity limits could allow more rapid deployment of low-carbon biofuel infrastructure.

Third, RFA would like to direct USDA's attention to Flex Fuel Vehicles (FFVs). Higher blends, including E85, represent a huge opportunity for HBIIP. Although 9 out of 10 vehicles on the road are approved for use of E15, the number of FFVs (which can use any blend up to E85) is stagnant as manufacturers are offering fewer FFV models. Many BIP and HBIIP investments have recognized the potential of E15 AND E85 infrastructure. However, there is a lack of attention from both automakers and EPA to the potential of FFVs to decarbonize transportation fuel. We encourage USDA to engage with EPA and the White House on opportunities to promote growth in FFV production and use. Likewise, federal fleets represent a huge opportunity for deployment of higher blends. Federal fleets already own and operate many FFVs. RFA asks USDA to support measures encouraging or requiring higher blend usage in federally owned vehicles.

Fourth, another area with tremendous potential is Sustainable Aviation Fuel (SAF). RFA sees a bright future for SAF and would like to see airport and aircraft refueling infrastructure included in HBIIP in addition to rail and marine infrastructure. Achieving the targets of the Biden Administration's SAF Grand Challenge as well as the carbon reduction intent of the IRA will require widespread, rapid deployment of SAF. HBIIP could be a very useful tool in this pursuit.

Fifth, RFA appreciates USDA's streamlining of the environmental review process and we encourage these efforts to continue throughout the HBIIP program. This process adds expense which can stand in the way of the program's goals. This can negatively impact applicants who

fall into two categories. First, smaller retailers with fewer staff may not have the 14 to 18 hours necessary to apply and must rely on outside grant-writing assistance that can cost thousands with no guarantee of success. Second, retailers building on new sites or ground-up installations face longer and more costly review. Although these retailers often represent the highest potential for annual sales, environmental review can be more onerous. In either scenario, the expense and delay can discourage prospective applicants from pursuing the program.

The need for efficiency in the application process extends beyond environmental review. Although thorough documentation is necessary, bringing more efficiency and ease to the entire application process will increase demand. RFA has seen the rigor of the application process deter otherwise qualified applicants. RFA looks forward to working with USDA to make sure thorough review is conducted efficiently.

Finally, although RFA sees strong demand for HBIIP, year-round, nationwide availability of E15 would unlock even more demand. RFA feels that nationwide year-round E15 is an IRA implementation priority. Current demand for HBIIP, though robust, would certainly increase if there were no barriers to higher blends during the summer months for the most widely usable higher blend fuel. RFA encourages USDA to work with the White House, EPA, and others in the administration to support RVP parity so that E15 can be sold in conventional gasoline markets year-round.

II. Comments on Potential of REAP in Renewable Fuel Production

On a separate note, RFA's members have utilized the REAP program for a variety of projects and technologies. Such projects have included expansion and debottlenecking projects such as fermenters and turbines and energy efficiency upgrades including energy integration, dryer upgrades, and many others. Such upgrades can have a considerable impact on the energy use of an ethanol plant and reduce load on local generation.

RFA sees REAP playing an important role in reaching our goal of net-zero ethanol by 2050 or before by accelerating investment in both new and existing low-carbon technologies. However, regulations and determinations at USDA could play a large role in whether producers will be able to make such improvements. We encourage USDA to employ definitions and priorities that allow REAP to be utilized as a vehicle for low-carbon investment both at the farm and biorefinery levels.

III. Responses to USDA Questions

Although many of the foregoing comments are related to the questions USDA included in the request for information, RFA offers the below responses to individual questions.

Projects funded under IRA are intended to increase energy efficiency (decrease consumption of energy) and increase the deployment and use of renewable energy and/or clean energy. Knowing this requirement, what metric is most appropriate to measure progress toward meeting the goal of achieving greenhouse gas reductions and the expansion of renewable/clean energy infrastructure?

For all greenhouse gas (GHG) lifecycle analysis (LCA) related to production and use of transportation fuels, including upstream agricultural practices, RFA recommends the adoption and standardization of the Department of Energy's Argonne National Laboratory's Greenhouse Gases, Regulated Emissions, and Energy Use in Transportation (GREET) model.

Argonne GREET is considered the gold standard for estimating the GHG emissions from transportation fuels, including both direct and indirect emissions. Argonne GREET has been utilized extensively by federal, state, and international agencies. Most notably, the model has been used (with only minor adaptations) by the California Air Resources Board for the state's Low Carbon Fuel Standard (CA-GREET) and by the Oregon Department of Environmental Quality for its Clean Fuels Program (OR-GREET). Further, U.S. EPA used the GREET model for key elements of the LCA conducted in 2009-2010 in conjunction with promulgation of the RFS2 regulations.

Contrary to some uninformed criticisms of the model, the Argonne GREET tool does indeed include a comprehensive module for estimating indirect land use change emissions. Within the GREET modeling array, the Carbon Calculator for Land Use Change from Biofuels Production (CCLUB) is used in conjunction with Purdue University's Global Trade Analysis Project (GTAP) general equilibrium economic model. The use of CCLUB within this array has advantages over other approaches since CCLUB's LUC estimates are taken from the latest version of Purdue University's GTAP model and its emission factors are based on actual field measurements incorporated into the CENTURY/DAYCENT tools for measuring site-level carbon (C) fluxes.

Another important feature of Argonne GREET is its periodic updating of its own data. One of the problems with some other LCA models is their use of outdated data and lack of mechanisms to adjust for changing circumstances and improving technology. Keeping the data current is both an accountability measure and an incentive to deploy and maintain the best technology and practices.

> ***Section 22002 provides additional funding for underutilized technology projects and technical assistance for the purposes of applying to the program. What strategies should RD use to engage and encourage applications under this section?***

The carve-out for "underutilized renewable energy technologies" under section 22002(b) is an opportunity to bring emerging technology to market. The ethanol industry's potential to carry out the goals of REAP could be greatly amplified if flexible rules around this underutilized technology provide opportunity for investment in emerging technology. The ethanol production process is constantly improving its carbon footprint and innovation plays a considerable role. RFA encourages USDA to craft rules which are expansive enough to allow inclusion of newer ethanol production and agricultural technologies.

Overall, RFA looks forward to the implementation of USDA's programs under the IRA. We thank you again for the opportunity to provide comments and to working with USDA/RBCS throughout this process.

Sincerely,
RENEWABLE FUELS ASSOCIATION

Geoff Cooper
President and CEO