

**TESTIMONY OF
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SENIOR VICE PRESIDENT, RENEWABLE FUELS ASSOCIATION
EPA HEARING ON 2014-2016 RFS PROPOSAL
JUNE 25, 2015**

Good morning. My name is Geoff Cooper and I am representing the Renewable Fuels Association.

By any measure you choose, the RFS has been a tremendous success. It has stimulated growth in biofuel production, revitalized rural economies, reduced GHG emissions, and lowered pump prices. And, the RFS has decreased petroleum consumption and introduced competition into the fuel market, which is precisely why the oil industry opposes the program and is calling for its repeal.

Because the program has worked so well, we are extremely disappointed that EPA is again proposing to slash the blending requirements enacted by Congress for 2014 through 2016.

We continue to believe EPA is overstepping the bounds of its legal authority by proposing to partially waive the RFS based on perceived distribution capacity constraints. Nothing in the statute allows EPA to set the RVOs based on the so-called “blend wall” or alleged infrastructure limitations. Congress considered measures that would have allowed waivers based on distribution infrastructure. But they rightly rejected those concepts because they knew allowing such off-ramps would entice the oil companies to hold the RFS program hostage.

Rather, Congress focused its waiver provision narrowly on the supply of renewable fuels. The law is clear—if the supply is adequate to meet the statutory volume requirements, then obligated parties must find a way to distribute those volumes.

And when EPA considers whether the supply of renewable fuel is “adequate” to meet statutory requirements, stocks of RIN credits must be taken into account. After all,

RINs represent gallons of renewable fuel that were produced and are part of the physical fuel supply. RINs are gallons. To completely dismiss carryover RINs from the determination of “available supply” is illogical—and doing so will cause RIN stocks to balloon and RIN prices to crash.

Because EPA is ignoring carryover RINs, the proposed RVOs—even in 2016—do nothing to “break the blend wall.” In fact, oil companies don’t have to change anything they are doing as a result of this proposal. Oil companies could meet their 2015 obligations simply by blending E10, and their 2016 obligations by blending E10 and turning in a handful of banked RINs, which will be in ample supply.

The U.S. ethanol industry is on pace to produce nearly 15 billion gallons in 2015, and when carryover RINs are properly taken into account there is no doubt that supply is more than adequate to meet the statutory RFS volumes for renewable fuel.

[We also want to point out a critical error regarding the proposed 2014 RVO that we believe must be corrected immediately. EPA mistakenly assumes that RINs were generated on every gallon of exported ethanol, and thus that those RINs will be retired and unavailable for compliance. In reality, nearly half of the ethanol exported in 2014 never generated a RIN, and thus EPA underestimates the number of RINs available for compliance by nearly 400 million RINs. This is a significant mistake that will artificially inflate RIN stocks and undermine the RIN’s ability to drive investment and innovation.]

In closing, we urge you to:

- Abandon the proposal’s “blend wall” methodology, and faithfully observe the statutory limits of EPA’s waiver authority;
- Include carryover RIN stocks in determinations of “available supply”; and
- Let the RIN market work as intended to drive investment and innovation

Thank you.