

**TESTIMONY OF SCOTT RICHMAN  
CHIEF ECONOMIST  
RENEWABLE FUELS ASSOCIATION**

**U.S. ENVIRONMENTAL PROTECTION AGENCY  
PUBLIC HEARING  
RE: PROPOSED RULE FOR 2020 RENEWABLE VOLUME OBLIGATIONS  
(DOCKET No. EPA-HQ-OAR-2019-0136)**

**YPSILANTI, MICHIGAN  
JULY 31, 2019**

Good morning. My name is Scott Richman, and I am the Chief Economist of the Renewable Fuels Association (RFA), the nation's leading trade association representing fuel ethanol producers.

The RFA appreciates the opportunity to share our initial comments on EPA's proposed rule establishing the 2020 renewable volume obligations (RVOs) and the Agency's response to the D.C. Circuit Court's remand of the 2016 RVO for conventional renewable fuel.

To put it briefly, by neglecting to prospectively redistribute volumes lost to small refinery exemptions, or SREs, and by ignoring a court order to restore improperly waived gallons, EPA's proposed rule betrays President Trump's commitment to uphold the Renewable Fuel Standard (RFS).

Unfortunately, the market has no faith that the proposed 2020 RVOs will result in biofuel blending volumes consistent with the RFS standards set by law, including the 15-billion-gallon conventional renewable fuel requirement. It is a misnomer to call the numbers in the proposal "obligations" as long as SREs continue to transform the RFS into a voluntary program for roughly one-third of the nation's refineries.

We are disappointed that EPA failed to prospectively account for expected SREs in the proposal, even though it is nearly a foregone conclusion that the Agency will grant more. EPA approved 54 SREs for 2016 and 2017, which caused ethanol consumption and the ethanol blend rate to fall in 2018 for the first time in 20 years. Not a single exemption request has been denied by EPA since 2015, and 38 petitions for compliance year 2018 are pending.

The RFA strongly urges EPA to include expected volumes of gasoline and diesel associated with SREs in its RVO calculation in the final rule. The historical average volume should serve

as the starting point. To the extent that additional SREs are granted before the final rule is promulgated, we urge the Agency to reallocate those volumes as well.

Making matters worse, EPA's proposal incomprehensibly ignores the Circuit Court's 2017 order requiring the Agency to restore 500 million gallons it illegally waived from the 2016 RVO. EPA's claim that "there are very limited opportunities to use biofuels beyond the volumes we are proposing for 2020" echoes the Agency's reasoning in its 2016 rule that was specifically rejected by the court.

EPA's refusal to obey the court's order is a slap in the face to U.S. renewable fuel producers and farmers who are facing the worst market conditions in a generation. We implore the Agency to add the volume that was illegally waived to the final RVO for conventional renewable fuel for 2020—or else spread the requirement across the 2020 and 2021 compliance years.

The bottom line is that Congress gave EPA the direction and tools necessary to enforce the statutory RFS volumes. That includes prospectively redistributing volumes from SREs to non-exempt parties. It also includes complying with a court order to restore illegally waived volumes from 2016. We urge EPA to do both in the final rule.