



August 17, 2018

Acting Administrator Andrew Wheeler
Environmental Protection Agency
1200 Pennsylvania Ave. NW
Washington, DC 20460

RE: Docket ID EPA-HQ-OAR-2018-0167

Dear Acting Administrator Wheeler,

The Minnesota Corn Growers Association (MCGA) appreciates the opportunity to provide comments on behalf of more than 6,500 farmer members on the proposed rule for the 2019 volume standards under the Renewable Fuel Standard (RFS) program.

Since Congress expanded the RFS in 2007, America's corn farmers have made significant contributions towards the RFS goals of increasing energy security through the production and use of renewable fuels, improving air quality and protecting consumers. America's corn farmers have grown enough corn to meet the demands of the RFS, while still safely and securely providing food, feed and fiber for a growing global population.

We appreciate that the Environmental Protection Agency (EPA) proposed an implied volume of 15 billion gallons for conventional renewable fuel, consistent with the volume requirement intended by Congress, as well as proposed growth in the cellulosic, advanced and total renewable fuel volumes.

The RFS requires an increasing volume of biofuels to be blended into the nation's transportation fuel supply annually, and EPA's proposed rule, on the surface, follows the law's intent. However, because of EPA's failure to account for the extensive retroactive exemptions granted to 48 refineries for 2016 and 2017 obligations and failure to estimate 2019 exemptions, we have no confidence in the volumes EPA proposes. By not accounting for the impact of 2.25 billion ethanol-equivalent gallons in retroactive exemptions or accounting for future exemptions, EPA renders the proposed volumes meaningless.

Farmers are facing their fifth consecutive year of depressed income and commodity prices. This year, net farm income, which has dropped 50 percent since 2013, is expected to be at its lowest level since 2006. Due to lower prices, the U.S. Department of Agriculture (USDA) projects corn crop receipts will decline for the fifth consecutive year. As a result, farmers are facing increased financial challenges and drains on equity. That financial stress, in turn, affects rural businesses and communities across Minnesota.

Maintaining an implied volume for conventional renewable fuel at 15 billion gallons, consistent with the statutory target for 2019 and the proposed rule, provides a firm base of support for ethanol production and for corn prices. A strong RFS supports a market-based solution for supporting the agriculture economy.

The proposed conventional biofuel requirement would continue and expand the benefits of the RFS for agriculture. A growing total biofuel requirement also increases benefits to the farm economy at a time

when farmers need new markets and growing demand. However, as long as EPA continues to issue retroactive small refinery exemptions without reallocation, farmers cannot rely on the volumes in the proposed rule.

The RFS statute and regulations give EPA the tools to ensure that retroactive refinery exemptions do not reduce 2019 volume obligations set through this rulemaking. EPA, however, failed to propose to use these tools, leaving the door open to waive the volume requirements after EPA finalizes them. If EPA can waive substantial volumes any time after issuing final standards, farmers have no confidence in the volumes EPA sets through this rulemaking process.

To be consistent with the statute's direction that the final renewable fuel obligations set for 2019 ensure the requirements of the RFS are met, EPA should project an exempted small refinery volume, even though EPA has not yet received petitions for exemptions. The standards formula in the proposed rule projects zero gallons of gasoline and zero gallons of diesel will be exempted for small refineries. Recent experience contradicts these projections. .

EPA states the agency is not soliciting comments on how small refinery exemptions are accounted for in the percentage standards formula. While EPA may not want feedback on how the agency is failing to maintain the integrity of the RFS and administer the volume standards in accordance with the law, corn farmers will provide that feedback nonetheless and make our voices heard. The process for accounting for these volumes is central to the integrity of the RFS, and it is extremely troubling to farmers that EPA does not believe our comments on this issue are worth soliciting and considering.

The RFS law requires an increasing amount of renewable fuel to be introduced into the nation's transportation fuel supply each year. EPA follows the statutory intent by proposing to increase the total renewable fuel volume from 19.29 billion gallons to 19.88 billion gallons. EPA's proposal is an improvement from 2018, which was a proposal to decrease total renewable fuel.

While EPA may be operating within the law to use the cellulosic waiver authority to its fullest extent, reducing both the advanced biofuel and total renewable fuel volumes by the same amount as the cellulosic volume reduction, MCGA urges EPA to reconsider this decision in the final rule. The cellulosic waiver authority does not require EPA to make an equal reduction to both advanced biofuel and total renewable fuel.

Increasing the amount of renewable fuel blended into the nation's transportation fuel supply increases U.S. energy security and independence by diversifying transportation fuel sources. Diversifying our fuel sources also strengthens additional sectors of our economy, creates new jobs and investment and lowers prices for consumers.

While cellulosic production is not yet sufficient to meet statutory requirements and EPA must use the cellulosic waiver authority, EPA may also allow other renewable fuels to backfill a portion of the cellulosic volume waived, resulting in higher total renewable fuel use. Regardless of whether EPA allows advanced biofuel or conventional biofuel to backfill for these volumes, the RFS goals of energy independence, greenhouse gas emissions reductions and rural economic development would all be better achieved through additional renewable fuel use rather than additional fossil fuel use.

Additional supplies of either advanced biofuels or conventional biofuels are available to meet a higher standard that would result from backfilling a portion of the cellulosic volume waived. Further, the rapid

growth in the carryover RIN bank to its current record size provides additional flexibility in meeting higher standards in 2019.

EPA also fails to identify a significant regulatory barrier to ethanol consumption, the lack of Reid Vapor Pressure (RVP) parity for ethanol blends greater than 10 percent. While not part of the RFS, removing this RVP regulatory barrier would ease implementation of the RFS. RVP parity would lead to further expansion of E15 availability and provide a consistent product to consumers. MCGA strongly urges EPA to set a transparent timeline for using the agency's authority to remove this barrier.

For our part, MCGA continues to work with the ethanol industry and other partners to expand the ability of fuel retailers to offer higher ethanol blends despite contractual hurdles erected by oil companies. An increase in compatible vehicles and upgraded fuel dispenser infrastructure continues to drive market penetration of higher blends of ethanol at U.S. fueling stations, illustrating that the fabricated 10 percent "blend wall" is not a legitimate barrier.

We ask EPA to maintain the proposed conventional fuel requirement in the final rule, as well as the growth in cellulosic, advanced and total renewable fuel volumes. To uphold the full clean air, cost-savings, energy independence and rural economic benefits consumers and farmers receive from the RFS, however, EPA must also use the 2019 volume rule to make, and keep, the RFS whole and continue deliver benefits for corn farmers and consumers.

Sincerely,

A handwritten signature in black ink, appearing to read "Kirby Hettver", with a long horizontal flourish extending to the right.

Kirby Hettver
President
Minnesota Corn Growers Association