August 17, 2018

Comments to the Environmental Protection Agency on the Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020

83 Federal Register 32024 (July 10, 2018)
RIN: 2060–AT93
Docket No: EPA–HQ–OAR–2018–0167

Dear Acting Administrator Wheeler:

Taxpayers for Common Sense (TCS) provides the following comments to the Environmental Protection Agency (EPA) on its proposed rule entitled "Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020," which was published at 83 Federal Register 32024 on July 10, 2018. TCS is a national non-partisan not for profit budget watchdog group that has been working on behalf of the nation's taxpayers since 1995.

Thank you for the opportunity to offer comments on this proposed rule, which will dictate the level of biofuels consumed in our nation's fuel supply in 2019 (and 2020 for biomass-based diesel). TCS has long been a critic of the Renewable Fuel Standard (RFS) program, because of the federal mandate's increased costs on taxpayers and consumers. We appreciate EPA's recognition of some of these costs in its 2019 proposed Renewable Volume Obligations (RVOs). However, as the Agency noted, aside from increased fuel costs, EPA did not assess other costs that consumers and taxpayers bear with greater biofuels mandates, including but not limited to the following:

- Billions of dollars in federal tax credits and other federal expenditures on biodiesel, cellulosic biofuel, blender pumps and other special infrastructure,
- Higher food and feed costs,
- Damages to and failures of small engines and older vehicles that are not designed to run on higher blends of ethanol,
- Increases – instead of decreases – in greenhouse gas emissions of corn ethanol, the biofuel used to fill the majority of the RFS mandate, and
- Increased public health, environmental, and social costs as sensitive land such as grasslands are converted into corn and soybean fields to grow more feedstocks for biofuels, resulting in negative impacts on soil, water, air, and wildlife habitat (as detailed in EPA's recent Second Triennial Report to Congress on the environmental impacts of the RFS[i]).

Overall, EPA proposes to increase overall renewable fuel, advanced, and cellulosic biofuel requirements in 2019 as compared to the final 2018 standards.[ii] The total renewable fuel volume would increase from 19.29 billion gallons in 2018 to 19.88 billion gallons in 2019, an increase of 590 million gallons. The advanced biofuels mandate would increase by the same amount from 2018 to 2019. The cellulosic biofuel RVO is proposed to increase by nearly 100 million gallons, from 288 million gallons in 2018 to 381 million gallons in 2019. The 2020 biomass-based diesel volume would also increase to 2.43 billion gallons, up from 2.1 billion gallons in 2018 and 2019.

EPA estimates that these increases in the biofuel mandates would increase fuel costs for consumers. But EPA's estimates do not even begin to account for any of the other taxpayer or consumer costs listed above. The increase in consumers' fuel costs from 2018 to 2019 alone is expected to range from $380–740 million.[iii] Because cellulosic ethanol production has not kept pace with Congressional mandates set forth in the Energy Independence and Security Act of 2007 (EISA), EPA proposes to waive the 2019 cellulosic RVO by 96 percent (from 8.5 *billion* gallons in statute to just 381 *million* gallons in the proposed RVO). EPA estimates that this reduction will save consumers $4 – 22 billion since cellulosic biofuels are generally more expensive than gasoline (costing approximately $0.49–$2.65 more per gallon).[iv]

We applaud EPA for taking some costs into consideration in the proposed 2019 RVOs. However, as EPA acknowledges, "The annual volume-setting process encourages consideration of the RFS program on a piecemeal (i.e., year-to-year) basis, which may not reflect the full, long-term costs and benefits of the program."[v] Therefore, EPA did not consider direct and indirect costs or benefits such as "infrastructure costs, investment, lifecycle GHG emissions and air quality impacts, and energy security benefits, which all are to some degree affected by the annual volumes. For example, we do not have a quantified estimate of the lifecycle GHG or energy security benefits for a single year (e.g., 2019)."[vi] EPA's own data from the 2010 final rule implementing the RFS program, in addition to other independent analysts, found that biofuels such as corn ethanol, which fill a large portion of the mandate, may actually *increase* GHG emissions.[vii]

EPA should not only put more emphasis on costs in its current RVO rule, but should also fully assess direct and indirect costs on consumers and taxpayers in its upcoming reset of RFS volumes, as required by law (CAA(o)(2)(B)(ii)). EPA is specifically required to assess the following factors when resetting RFS volumes: (1) impact on the environment, (2) energy security, (3) commercial production of advanced biofuels, (4) infrastructure, (5) costs to consumers, and (6) other factors, including "job creation, the price and supply of agricultural commodities, rural economic development, and food prices."[viii] Moreover, EPA may consider waivers of RFS volumes based on severe economic or environmental harm.

TCS also urges EPA to fully assess the impacts of recent import duties on biodiesel from countries such as Argentina and Indonesia when setting final 2019 RVOs. If EPA's estimate of imported biodiesel to meet 2019 and 2020 mandates is too high and these volumes do not actually materialize due to import restrictions, then added pressure will be placed on the domestic biodiesel industry to meet greater biofuels mandates. This may result in feedstock switching between different vegetable oils as food is diverted to fuel, as EPA acknowledges, resulting in greater pressure on natural resources and food and feed prices.[ix]

TCS therefore urges EPA to lower biofuel volumes for 2019 (and 2020 for biomass-based diesel) to levels that do not impose additional costs or burdens on taxpayers or consumers. Otherwise, the goals of the RFS program - including lower GHG emissions – are unlikely to be met and unintended costs spurred by higher ethanol and biodiesel mandates will further burden consumers and taxpayers.

We thank you for considering our comments on the 2019 proposed RVOs. TCS also looks forward to the Agency's upcoming reset of overall RFS mandates to reduce biofuels volumes to a level that does not continue to impose unnecessary costs on taxpayers and consumers.

Sincerely,

Ryan Alexander
President

[i] https://cfpub.epa.gov/si/si_public_record_report.cfm?dirEntryId=341491

[ii] https://www.epa.gov/renewable-fuel-standard-program/proposed-volume-standards-2019-and-biomass-based-diesel-volume-2020

[iii] Environmental Protection Agency, "Renewable Fuel Standard Program: [Proposed] Standards for 2019 and Biomass- Based Diesel Volume for 2020," July 10, 2018, at 32051. Docket No. EPA–HQ–OAR–2018–0167.

[iv] Environmental Protection Agency, "Renewable Fuel Standard Program: [Proposed] Standards for 2019 and Biomass- Based Diesel Volume for 2020," July 10, 2018, at 32049. Docket No. EPA–HQ–OAR–2018–0167.

[v] Environmental Protection Agency, "Renewable Fuel Standard Program: [Proposed] Standards for 2019 and Biomass- Based Diesel Volume for 2020," July 10, 2018, at 32051. Docket No. EPA–HQ–OAR–2018–0167.

[vi] Environmental Protection Agency, "Renewable Fuel Standard Program: [Proposed] Standards for 2019 and Biomass- Based Diesel Volume for 2020," July 10, 2018, at 32051. Docket No. EPA–HQ–OAR–2018–0167.

[vii] https://www.nap.edu/read/13105/chapter/2#4

[viii] Clean Air Act 211(o)(2)(B)(ii).

[ix] Environmental Protection Agency, "Renewable Fuel Standard Program: [Proposed] Standards for 2019 and Biomass- Based Diesel Volume for 2020," July 10, 2018, at 32045. Docket No. EPA–HQ–OAR–2018–0167.