

Testimony of Tim Hogan
American Fuel & Petrochemical Manufacturers
EPA Public Hearing for the Proposed
Renewable Fuel Standards for 2014-2016
June 25, 2015

Good morning. I am Tim Hogan, Director, Motor Fuels, at the American Fuel & Petrochemical Manufacturers.

AFPM is a trade association representing high-tech American manufacturers of virtually the entire U.S. supply of gasoline, diesel, jet fuel, other fuels and home heating oil, as well as the petrochemicals used as building blocks for thousands of products vital to everyday life.

The statutory levels of renewable fuels are unachievable for 2014 to 2016. EPA must preserve a broad interpretation of its waiver authorities.

EPA's recognition of the ethanol blendwall and the potential adverse effects on consumers is a welcome first step; however, EPA's actions are short-term in nature and point to the need for Congress to address the severely flawed and outdated Renewable Fuel Standard (RFS).

The statutory quantities of ethanol to be consumed exceed the technical limitations of many engines in service today. The vast majority of existing vehicles and infrastructure cannot handle a gasoline supply containing more than ten percent ethanol ("E10"), which leads to what is referred to as the "E10 blendwall." AFPM has proposed a 9.7 percent cap on ethanol in gasoline because it is the minimum EPA action necessary to retain a supply of pure gasoline for some engines, account for historical differences between EIA projections of gasoline demand and actual demand, and promote liquidity in the Renewable Identification Number (RIN) market.

EPA has the authority and the responsibility to waive the RFS mandates to reflect market realities such as shrinking gasoline consumption, the lack of drop-in biofuels, and the failure of E15 and E85 to provide a home for ethanol.

To date, the advanced biofuel requirement has functioned as a de facto mandate for hundreds of millions of gallons of sugarcane ethanol imported from Brazil. This is not what Congress intended – EPA should consider only “domestic supply” when setting the advanced biofuel and total renewable fuel volumes.

EPA needs to preserve carryover RINs, a crucial tool for industry and individual companies to deal with uncertainties and challenges, and to provide compliance flexibility.

EPA does not have the authority to increase the stringency for biomass-based diesel for 2014 or 2015 or 2016. Fourteen months leadtime is required by the Clean Air Act to set a different value for biomass-based diesel. Therefore, the Agency cannot promulgate a volume for biomass-based diesel for 2014 or 2015 or 2016 that is higher than 1.28 billion gallons, the regulatory value for 2013. The law is clear on this point.

In relation to the cellulosic portion of the mandate, EPA recognized the statutory levels simply do not exist and has made a downward adjustment from what the law says for 2010 to 2013, and has proposed to continue these very large waivers for 2014 to 2016. However, the Agency still proposed a cellulosic biofuel requirement for 2016 that far exceeds a reasonable projection on what can actually be produced. In January 2013, the court told EPA to be reasonable, not aspirational.

Thank you for this opportunity.