

From: Jack Gerard, API
Sent: 10/8/2014 10:40:30 AM
To: Haley, Nikki
Cc:
Subject: The Renewable Fuel Standard: Still Unrealistic and Unworkable

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October 8, 2014

Fix the RFS

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The Renewable Fuel Standard: Still Unrealistic and Unworkable

Dear Nikki,

Just when it seems implementation of the Renewable Fuel Standard (RFS) can't get any worse, the EPA manages to top itself. We're approaching a full year past the Nov. 30, 2013, deadline, and the EPA still [has not finalized](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/05524718a9) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/05524718a9>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/05524718a9) this year's biofuels quotas mandating how much ethanol must be blended into the nation's fuel supply. But that's not all. [Signals from the White House](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/873caa04bc) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/873caa04bc>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/873caa04bc) indicate the administration is considering retroactively raising the proposed volume mandate for 2014. Leaving aside the absurdity of setting ethanol levels for a year that is almost over, not to mention raising them at the end of the year, increasing ethanol volumes would be a bad idea any time due to the consequences of breaching the blend wall:

<https://8fb9d84cf9-custmedia.vresp.com/0950f92d50/89c822bc5e/library/EPAs-on-time-rate.jpg> **Engine damage:** The overwhelming majority of vehicles on the road today are not manufacturer-approved to use fuel blends above 10 percent ethanol (E10), and [extensive testing shows](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/da55af44d0) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/da55af44d0>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/da55af44d0) that EPA-approved E15 fuel can lead to engine damage.

Unavailability of E0: Owners of [boats](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/82f8926112/feature=player_embedded&v=m991jP6W0rk) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/82f8926112/feature=player_embedded&v=m991jP6W0rk>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/82f8926112/feature=player_embedded&v=m991jP6W0rk), vintage cars and [small equipment](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/9cfc9e68dc) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/9cfc9e68dc>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/9cfc9e68dc) like lawnmowers demand low- or zero-ethanol fuel, but the constantly increasing requirements of the RFS threaten to drive ethanol-free options off the market entirely. Non-ethanol gasoline is now up to 5 percent of gasoline demand while E85 demand is only 0.15 percent of overall gasoline demand.

Economic harm: According to a [NERA Economic Consulting study](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/b17b1167b6) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/b17b1167b6>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/b17b1167b6), continuing to implement the RFS could lead to fuel rationing and supply shortages that could drive up gasoline costs by 30 percent and the cost of diesel by 300 percent – decreasing worker income by \$580 billion.

Further signs the RFS is [detached from reality](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/75f577d1ce) [<http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/75f577d1ce>](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/75f577d1ce): there is a possibility the administration may increase the biomass-based diesel standard for the 2014 compliance year even though the law requires a 14-month lead time to modify the mandate. Additionally, the EPA recently changed the definition of cellulosic

biofuel to include biogas and gas captured from landfills – in a possible bid to justify increasing that mandate, as well. Although EPA proposed 17 million gallons of cellulosic biofuel last November, only 75,000 gallons were produced under the previous definition.

A [broad coalition](http://cts.vresp.com/c/?JackGerardAPI/0950f92d50/2505242c36/ad8efeed2d) of consumer and business groups – including producers of poultry, pork and beef -- is urging action to fix the RFS. The EPA must consider market realities and consumer needs, or total repeal will be the only option to protect the economy and consumers from unworkable RFS mandates.

Sincerely,

Jack Gerard
President and CEO
API

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