Since the Renewable Fuel Standard (RFS) was enacted, the Environmental Protection Agency (EPA) has had the difficult responsibility of implementing a broken and unworkable biofuel blending program. Recently, EPA proposed renewable fuel volume standards for 2019 and biomass-based diesel volumes for 2020 that, similar to proposals of years past, are out of alignment with the real-world fuel market and actual consumer demand. The American Fuel & Petrochemical Manufacturers last week submitted comments in response to EPA's proposal, outlining flaws of the proposed biofuel targets and burdens the RFS places on refiners and consumers.

In reading the proposal, it's clear that the agency's proposed volume requirements miss the mark — by a lot. This is partially due to the flawed method used to project cellulosic biofuel production and justify an all-time-high cellulosic mandate of 381 million gallons for 2019, which is 32 percent higher than the 2018 standard that itself won't be met. When EPA's methodology overstates production, obligated parties are forced to purchase expensive cellulosic waiver credits from EPA. This is essentially a tax on the refining industry and fuel.

In addition to using a methodology to take better aim at accuracy, the EPA should also codify a process or mechanism for an automatic end-of-year review and adjustment to the cellulosic volume requirement that would be based on actual production data. This would provide relief to EPA and obligated parties by avoiding the need for EPA to respond to waiver petitions and for obligated parties to purchase waiver credits for phantom fuels.

The failure to comprehensively analyze and justify its total ethanol mandate for 2019 in the proposal is also a concern. In light of the E10 blendwall, the only way EPA could justify its proposed volume requirements is through increases in E15 and E85 consumption and a substantial decrease in E0 domestic consumption. Yet, EPA has taken the position that "there was not a need to precisely estimate such growth" or analyze these issues. EPA simply cannot ignore such information, particularly since such analyses would undoubtedly show that E0 demand remains strong and that E15 and E85 growth will be minuscule next year, and thus could not possibly justify EPA's proposed volume requirements.

EPA also makes a fundamental flaw with its proposed biomass-based diesel (BBD) volume requirement, specifically, by justifying both the 2019 and 2020 BBD requirements on imported biofuels. Relying on foreign biofuels to establish annual volume mandates is inconsistent with the purpose of the RFS, which is to promote domestic biofuel production, not foreign production. It is improper for EPA to consider anything other than domestic production capacity in establishing BBD volume requirements.

The overly aggressive targets in this unworkable mandate are costing refiners and consumers. We urge EPA to fully utilize the waiver tools Congress provided — both the cellulosic and the general waiver authority — to set volume requirements that are, in fact, reasonably achievable. The volume mandates should be driven by data — not politics or wishful thinking.

Print as PDF:

Topics

Fuel Policy

Biofuel & Ethanol

Tags

Blend Wall

Renewable Fuel Standard (RFS)

E15