



February 10, 2023

Submitted electronically via www.regulations.gov

The Honorable Michael Regan, Administrator
U.S. Environmental Protection Agency
EPA Docket Center - Air Docket
1200 Pennsylvania Avenue, NW
Washington, DC 20460

RE: Docket Number EPA-HQ-OAR-2021-0427; Renewable Fuel Standard Program: Standards for 2023-2025 and Other Changes

Dear Administrator Regan:

The Illinois Farm Bureau® (IFB) appreciates the opportunity to provide comments concerning the U.S. Environmental Protection Agency's (EPA) proposed rule regarding proposed Renewable Volume Obligations (RVO) for 2023-2025 and other changes.

IFB is a member of the American Farm Bureau Federation® ("AFBF"), a national organization of farmers and ranchers. Founded in 1916, IFB is a non-profit, membership organization directed by farmers who join through their county Farm Bureau (CFBs). IFB has a voting membership of more than 74,000.

Relevant IFB Policy

IFB policy supports the following, in relevant part:

- Expanding the use of all renewable fuels.
- Approval and use of greater ethanol blends in high-octane fuels to help automobile manufacturers meet increasing regulatory standards.
- The Renewable Fuels Standard 2 (RFS2) as passed in the Energy Independence and Security Act (EISA) of 2007.
- An increase in the ethanol blending standard.
- Programs and efforts to increase renewable fuel production in Illinois.
- Investment in and development of the appropriate infrastructure (including, but not limited to, the funding of biofuel blender pumps and the standardization of all new gasoline dispensers to be UL Certified for a minimum E-25) to support the expanded use of renewable fuels.
- Research on new uses and markets for co-products of renewable fuels production and investigation of synergistic relationships in renewable fuels production systems and other potential markets.

- Continued research into ruminant and non-ruminant feed utilization of renewable fuels Distiller's Dried Grains with solubles (DDGs) co-products and farmer education on appropriate use of DDGs in livestock diets.
- Efforts to expand the use of renewable fuel in commercial aviation, maritime, and other large-volume users.
- The reallocation of each gallon of ethanol and biodiesel waived by U.S. EPA for the benefit of small oil refineries.

IFB policy opposes the following, in relevant part:

- Attempts to defund, repeal, or rollback implementation of the Renewable Fuel Standard (RFS).
- EPA's misuse of its waiver authority for the purposes of reducing the amount of renewable fuel blended.

Impact of RFS and RFS2

Renewable fuels have been a tremendous success story for the country and the rural economy. The Renewable Fuel Standard (RFS) has reduced our country's dependence on foreign crude oil, reduced air pollution, increased farm incomes and provided good-paying jobs in rural America.

Following the implementation of the RFS2 in 2007, the United States experienced tremendous growth within the agricultural sector. U.S. farmers responded to these new market signals by expanding crop production by 3 billion to 4 billion bushels of corn and over 1 billion bushels of soybeans. These crops are used to produce corn-based ethanol and soybean oil biodiesel made from methyl ester.

The RFS2 plays a critical role in improving the energy security of the United States. Prices for crude oil have historically been volatile, influenced by the complex interplay of economic and political variables. Developing a comprehensive, domestic energy source is a critical hedge against foreign sources of energy market volatility and supporting the RFS2 as it is in the 2007 EISA serves as a key component to achieving this overall goal.

Proposed Conventional Volumes for 2023, 2024 and 2025

The proposed rule would increase total renewable fuel volumes by 2.05 billion gallons to 22.68 billion gallons by 2025. This would include an increase of 940 million gallons in 2023, another 1.05-billion-gallon increase in 2024, and a final increase of 810 million gallons in 2025. The 2022 biofuel mandate adds 250 gallons of conventional biofuel required by statute. IFB supports EPA's conventional biofuel requirements proposal of 15 billion gallons for 2023 and an additional 250 million gallons for a total of 15.25 billion gallons in 2024 and 2025.

Proposed Biomass-Based Diesel Volumes for 2023, 2024 and 2025

However, IFB has serious concerns with the proposed RVOs for biomass-based diesel and advanced biofuels and urges the agency to reconsider the same. EPA fails to take into account the billions of dollars of investments in new processing capacity designed to meet the growing demand for renewable fuels, especially renewable diesel and sustainable aviation fuel.

Proposed biomass-based diesel volumes increase by only 65 million gallons per year - 190 million gallons total over the three years. The U.S. biomass-based diesel market exceeded 3 billion gallons in both 2021 and 2022 and up to 4.6 billion gallons in renewable diesel capacity is expected to come online by 2025. However, the proposed volumes for 2023 through 2025 remain below 3 billion gallons.

Congress and USDA have made significant commitments to support growth in our biofuel sector. For example, USDA's successful Higher Blends Infrastructure Incentive Program has already supported infrastructure investments for an additional 1 billion gallons of biodiesel. The Energy Information Administration's most recent Short Term Energy Outlook projects U.S. biodiesel and renewable diesel production to increase by more than 600 million gallons in 2023 and more than 800 million gallons in 2024. This is on top of the fact that current biodiesel and renewable diesel production meets more than 6 percent of our country's need for diesel fuel. The renewable fuels industry is meeting and exceeding every one of the statutory factors that EPA is supposed to consider when setting annual RFS volumes.

Increasing production of renewable fuels improves U.S. energy security, lowers diesel fuel prices, and provides emission reductions today that are necessary to meet future national environmental goals. In addition, the industry supports new jobs and increasing economic opportunities for growers, fuel producers and other economic sectors. Based on 2021 market data, the biodiesel and renewable diesel industry generated \$23.2 billion in economic activity, while supporting 75,200 jobs paying \$3.6 billion in annual wages in the United States. Producing 6 billion gallons of biomass-based diesel in the United States would increase overall economic activity from the current \$23.2 billion to \$61.6 billion and support 187,003 jobs earning \$8.8 billion in wages.

Biodiesel and renewable diesel reduce lifecycle greenhouse gas emissions by more than 70% on average compared to petroleum. Additionally, biodiesel and renewable diesel also contribute to a cleaner environment by reducing particulate matter and other emissions.

From economic to environmental benefits, EPA must reconsider the proposed RVOs to better account for the projected capacity growth and demand for oilseed production. The deficiency in the proposed rule will likely significantly slow the growth trajectory in the renewable diesel space and potentially undermine the significant investments currently being made.

Small Refinery Volumes

IFB agrees with EPA's decision to project no gallons will be exempt due to small refinery exemptions for 2023 through 2025 in calculation for proposed percentage standard. This projection follows EPA's updated interpretation of the Clean Air Act's small refinery provisions, which EPA finalized last year. EPA's interpretation is consistent with the Tenth Circuit Court's decision in *Renewable Fuels Association et al. v EPA (RFA)*, that small refinery exemptions can only be granted if a small refinery demonstrates disproportionate economic hardship caused by compliance with the RFS and not other factors. EPA has applied this interpretation equally to pending exemption petitions and expects to continue to apply it equally to future year petitions covered by this volume rule. We appreciate EPA's efforts to restore stability and reliability to the RFS.

2026 Volumes

IFB urges EPA to finalize no more than three years of RFS volume requirements in this rulemaking. We agree with EPA that proposing volumes for more than one year provides additional market and investment certainty. Proposing and finalizing more than one year of volumes should also help improve EPA's timeliness when it comes to setting volumes. However, setting volumes through 2026 or for more than three years would result in much more uncertain projections for volumes, failing to account for innovation and changes in the marketplace that could justify additional growth in volumes based on the statutory factors. As such, EPA should finalize no more than three years of volumes.

e-RINs

Finally, IFB supports the proposed addition of a Renewable Identification Number (RIN) generating pathway for electricity made from renewable biomass and used as transportation fuel. IFB supports the development of policies that boost the biomass fuels industry along with utilizing renewable sources of electricity such as biomass and methane from manure, food waste and landfills.

Conclusion

In conclusion, renewable fuels provide a significant and steady market for American growers. In the 2022/23 marketing year, 5.28 billion bushels of corn, or nearly 38% percent of total U.S. consumption, were used by ethanol producers. In the 2022/23 marketing year, 11.6 billion pounds of soybean oil, the oil from nearly 974 million bushels of soybeans, were used in biodiesel production. The proposed volume increases raise the floor for demand in the biomass-based diesel and advanced biofuel sector; but as long as they lag behind current supply, they will not incentivize continued growth in a sector that has made a substantial contribution to corn and soy demand for American farmers, and to the overall sustainability of American energy supplies.

The aforementioned shortcomings in the proposed requirements undercut the growth of homegrown biofuels and hold back our efforts to revitalize rural communities, create clean energy jobs, and reduce emissions of the transportation sector. Now more than ever, it is vital that EPA set strong biofuel requirements

We appreciate your attention to this important issue. If you wish to discuss any of these comments or concerns, please contact Lauren Lurkins, Director of Environmental Policy, at llurkins@ilfb.org or (309) 557-3153.

Sincerely,



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