



## **Comments to Environmental Protection Agency on Renewable Fuel Standard Proposed Volumes**

**Submitted by Iowa Biodiesel Board**

**August 31, 2017**

The Iowa Biodiesel Board appreciates the opportunity to comment on the proposal for the Renewable Fuel Standard (RFS) Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019. In light of new information and market conditions, we're asking EPA to increase the volumes in the Final Rule to a biomass-based diesel volume that is at least 2.5 billion gallons in 2019. We're also asking EPA to set advanced biofuel volumes of at least 4.75 billion gallons for 2018.

The Iowa Biodiesel Board is a nonpartisan state trade association representing the entire Iowa biodiesel value chain — from the farmers who grow soybeans, to biodiesel manufacturers, to petroleum marketers and other industry stakeholders. EPA's current proposed volumes would stall biodiesel, an important Iowa manufacturing sector, at a time when it is already operating below its capacity.

On the promise of a brighter future, in the last couple of years, the Iowa biodiesel industry has increased its capacity by more than 20 percent. Our members say there are many more such projects ready and waiting to go forward that would create even more jobs. Unfortunately, most of those are currently on hold until more certainty in the marketplace is received through year-over-year growth of the RFS volume targets. The U.S. can meet production demand and has substantial room for growth, which EPA's proposal does not acknowledge.

We believe the agency should be more aggressive in meeting Congress's goals to move this country toward advanced biofuels. This would create more jobs, improve the economy, and benefit public health and the environment throughout the country. Of course, we also strongly oppose any efforts to further reduce the volumes, which would be devastating to our industry and to all the U.S agriculture sector.

Anything but strong growth in RFS volumes of biomass-based diesel and advanced biofuel will make it harder for U.S. biodiesel producers to compete in their own country. Imports already receive unfair advantages, and a shrinking RFS means even less opportunity for domestic producers.



The biodiesel industry has raised concerns over these tax and trade issues, and some of those issues are being addressed, but the existence of biodiesel imports is not a reflection of our domestic industry's production capabilities. On the contrary, we're operating below capacity, and we have surplus supplies of agriculture feedstock available for use. U.S. agriculture has seen commodity price decreases of nearly 60 percent in some sectors over the last four years. The uncertainty of the RFS volumes and the minor increases have contributed to the downturn in the agriculture economy.

Iowa is the nation's top biodiesel-producing state. Our producers made 305 million gallons in 2016. Unlike foreign oil, the spending that comes with biodiesel production on feedstock, other materials, goods and services, etc. generates significant circulation throughout the entire Iowa economy. This stimulates demand, supports jobs, generates additional household income, and creates new tax revenue. Research from ABF Economics shows that last year, Iowa biodiesel helped support:

- 3,800 jobs
- \$480 million Gross Domestic Product
- \$300 million of household income in Iowa

Biodiesel has revitalized many rural areas in Iowa, and reversing course would harm those communities. Kevin Ross, an Iowa farmer who serves on the board of Western Iowa Energy, summarized this impact well in his testimony before EPA. He has seen hugely important rural economic wins for Wall Lake, Iowa, where the WIE biodiesel plant is located. The plant employs about 30 people full-time, but their daily business activities and their wages contribute to employing truckers, construction workers, the hairdresser, the electric cooperative, the packing plant, servers at the restaurants, insurance salespeople, the checkers at the grocery store, soy crush employees, and of course farmer neighbors. The company's dollars churn in rural Iowa, which has made the town and the surrounding area a far better place for the people living there now and for the next generation.

To elaborate on how biodiesel makes farming more profitable, a study by Informa Economics shows it contributes about 63 cents per bushel of soybeans, which benefits soybean farmers. But importantly, most of this comes from more value for the soybean oil, which has the effect of lowering the price of meal for livestock producers by \$21-\$42 per metric ton. That in turn makes livestock production more profitable, helping to increase our available food supply and reduce food prices at the same time. The



reduction in protein feed costs has reduced feed costs for livestock producers by a total of \$5.9 billion – \$11.8 billion, according to the same study.

According to the State of Iowa, approximately 25 percent of Iowa's economy is connected to agriculture, and renewable biofuels are a key foundation to that sector. Iowa tax revenues are down more than expected this year, and that is largely attributed to the prolonged downturn in the agriculture economy. Agriculture not only ensures a secure food supply for our people, it affects jobs in manufacturing, life sciences, insurance, finance, transportation, as well as many other ag-related products and services that are all interconnected. Iowa is the largest or nearly the largest producer of many different agriculture commodities, such as corn, soybeans, pork, beef, dairy, eggs, turkeys, ethanol and biodiesel.

EPA expresses an expectation and concern over decreasing growth in biodiesel feedstock. Yet, as USDA data demonstrate, soybean production has been increasing significantly and is projected to increase in 2017. Per-acre yields are increasing and the supply and ending stocks of soybean oil have been steady or increasing. The U.S. soybean harvest last year was a record 4.3 billion bushels, 380 million bushels larger than the previous year. These extra bushels represent an additional half-billion gallons of vegetable oil the global market has had to absorb, resulting in lower prices for agricultural producers and lower profit potential. Biodiesel can help reverse this.

Furthermore, for the current year, the June 2017 USDA National Agricultural Statistics Service (NASS) estimated U.S. soybean plantings at a record 89.5 million acres. This further demonstrates our significant room for growth above the volumes proposed by EPA for 2019.

As EPA correctly recognizes and states in the proposal, the planted crops that supply vegetable oil for biodiesel are grown in response to protein meal demand for livestock feed and the oil is a co-product. Biodiesel production creates a value-added market for the co-product soybean oil generated by the growing global demand for protein meal.

Farmers have met the increased demand for soybean protein meal and done so with increasing efficiency and sustainability. Since 1980 U.S. farmers have increased production by 96 percent while using 8 percent less energy, land use per ton of soybean production has decreased by 35 percent, and greenhouse gas emissions have decreased by 41 percent per ton.



It is relevant to bring to your attention that a solid majority of registered voters in Iowa say they support expanding the RFS. Statewide public opinion research conducted by Moore Information in August asked the question: "Do you support or oppose expanding the national Renewable Fuel Standard, which requires blending some renewable fuels into the nation's fuel supply, to increase biodiesel use in the United States?" The data indicate 71 percent strongly or somewhat support it, while just 8 percent oppose it.

President Trump has many times promised to work hard for agriculture and renewable fuels producers and farmers by protecting and increasing the RFS and furthering trade opportunities. In fact, he is quoted in the San Diego Union Tribune, February 22, 2017, as saying: "Rest assured that your President and this Administration value the importance of renewable fuels to America's economy and to our energy independence. As I emphasized throughout my campaign, renewable fuels are essential to America's energy strategy."

Growing the RFS is one of the most important economic and political issues to all of Midwestern and rural America, and we ask that EPA follow through on that promise by increasing the volume targets of the RFS.

The RFS is also one of the most successful bipartisan energy policies ever created to facilitate job growth and the diversification of our nation's energy supply. The biodiesel industry has provided these benefits without any significant disruption or adverse impacts to consumers. Our industry has always advocated for RFS volumes that are modest and achievable, and we have met or exceeded the targets each year that the program has been in place. Increasing demand under the RFS can help President Trump reaffirm his commitment to growing the supply of American-made fuels, which can help improve the rural economy, increase our national energy security and improve the environment. For these many reasons, we ask the EPA to strongly consider volumes for biomass-based diesel to at least 2.5 billion gallons for 2019 and to increase total Advanced Biofuel volumes to 4.75 billion gallons in 2018.

The Iowa Biodiesel Board would like to thank EPA on its work to implement the Renewable Fuel Standard in accordance with the intent of Congress.