

**Testimony of Doug Lenhart, Renewable Energy Group—EPA RVO HEARING, AUGUST 1, 2017**

Good Morning, my name is Doug Lenhart and I am a lifelong grain & livestock farmer living in Ames, Iowa. In addition to being a farmer, I am also the Vice President of Procurement and Logistics for Renewable Energy Group. Every day I have to make decisions that maximize performance & profitability, including negotiating a wide variety of options for us to protect margins. This decision making ensures that my personal farming operation and REG will remain sustainable.

The amount of feedstock or oleo lipids that my team within REG purchases for production of renewable fuel is approaching 4 billion pounds on an annual basis. I can tell you that we have a pulse on the availability and the global influences of feedstocks. The new sources of feedstocks continues to grow, grain and oil seed production expands at near trend line yields year after year. Added extraction capabilities of distiller's grain provide greater volumes of distiller's corn oil for our use. Livestock production is expanding with the addition of several new large scale packing plants in the US which is a direct source of rendered animal fats. We continually gain greater knowledge in sourcing appropriate feedstocks from foreign countries.

I say all these things and I can also say from the perspective of the other hat that I wear, my livestock farmer's hat, that the growth of renewable fuels and a viable livestock industry can both achieve sustainability.

My team at REG and I utilize our negotiating skills to purchase feedstock and chemicals, arrange for domestic and international transportation of our biodiesel and renewable diesel, and sell our co-products into an ever expanding market.

The RVO proposal that brought us here today would create a cap on the production of biodiesel and renewable diesel. Respectfully, this proposal is dead wrong in claiming that diversion/re-direction of advanced biofuel feedstocks disrupts the market, reduces GHG benefits, and adds more of a burden on other industries that rely on oleo lipids. It's just not true. This is not how the market functions.

Oleo lipids are a global commodity, and have been as long as there has been international trade. Companies have optimized their processes to accommodate a wide variety of feedstocks so they can create the best value. This is exactly what REG has done over the past 20 years and is completely opposite of what the proposal incorrectly claims.

This proposal attempts to contradict the benefits of advanced biofuels which President Trump laid out in his Executive Order for Rural America. Biomass-based diesel is the success story in advanced biofuels and an amazing contributor to value-added agriculture. I ask that the agency modestly grow the biomass-based diesel and advanced pools in this final rule.

Thank you!

**Testimony of Paul Nees. Renewable Energy Group--EPA RVO HEARING, AUGUST 1, 2017**

Good afternoon, I'm Paul Nees, Executive Director of the Operations Control Team for Renewable Energy Group. My team is at the forefront for monitoring markets for biomass based diesel, feedstocks, compliance credits including RIN's and LCFS credits, as well as related commodity markets and trade flows.

In this RVO proposal, EPA asked for comment on the likely impact of the expiration of the blenders' tax credit on supplies of biodiesel and renewable diesel in 2018. First and foremost, we strongly believe that the RFS and tax credit policies should be evaluated independently. While they were created with the similar intent of growing the volume of renewable fuel in the market, the incentive method is different.

This year, the biomass based diesel industry has proven the ability to further increase supplies of advanced biofuel to the US market despite the current BTC lapse. As evidence, a total of 1.17 billion gallons of biodiesel and renewable diesel gallons have generated advanced RIN's June of 2017, an increase of 66 mil gallons compared to the same period last year. This is due to a combination of strong domestic production rates and an increase in imported volumes compared to a year ago.

The volume of biodiesel imports from Argentina has again substantially increased compared to the previous year. Imported volumes typically are lower in the first half of the year compared the second half. With confirmed imports reported by the EIA as well as tracking of confirmed vessels unloaded, we estimate 222 mil gallons of biodiesel imported through July of this year compared to 146 mil gallons imported during the same period a year ago.

As noted in the RVO proposal, there has been historical volatility in the rate of growth in the biodiesel industry. However, U.S. biomass-based diesel has continually proven its ability to increase production when given the correct market signals.

You have also requested comments on what steps the agency can take to help ensure energy security. Reducing the total advanced RVO with the unproven belief that it will deter imported renewable fuel does not achieve this goal. Subsidized imports are the first to be used leaving domestic producers to fill the remaining marginal gallons. Therefore, a reduction in the Advanced RVO would first reduce domestic production. This is why we urge you to continue steady and responsible growth of both the biomass-based diesel and total advanced categories.

The domestic biodiesel industry is ready and able to fulfil any demand gaps with low cost, high quality fuel with no market disruption. REG has unused capacity at plants currently in operation as well as 150 million gallons of capacity at 4 incomplete plants. And with the proper growth signal the agency can provide by continuing to grow the RVO, our company stands ready to make hundreds of millions of dollars in additional investments to further grow this industry, just as we have done in the past and are doing now.

We will go more into the market dynamics in our official comments later this month. But I want to close by again affirming that the RVO should not be a growth limiting factor in an industry that is working along with our petroleum partners to meet an ever-growing demand for diesel. We can produce more biomass-based diesel, with more energy security, more energy independence and cleaner, healthier air. Thank you for your time.

## **TESTIMONY OF DEREK WINKEL, RENEWABLE ENERGY GROUP**

**EPA RVO HEARING, AUGUST 1, 2017**

Good Morning, my name is Derek Winkel and I am the Executive Director, Manufacturing Operations for Renewable Energy Group. I also serve as the Secretary of the Iowa Renewable Fuels Association. I am here to elaborate further on the testimony of my colleague, Doug Lenhart, as it pertains to feedstock availability and expanding biodiesel and renewable diesel technologies.

It is the goal and duty of our company to be more efficient and cost effective every day. We are constantly working to produce increased volumes of higher quality products from previously discarded and underutilized waste oils, fats, and greases. The assumption that feedstock diversion is bad and not a natural occurrence in the oleo lipid market is detrimental to continued technology advances in all related industries.

I would like to share with you some of these advances we have seen in just the past few years. REG and many other producers have installed onsite, front end pretreatment, biodiesel distillation and other technologies to get more advanced biofuel out of the same volume of feedstock. This not only increases the quality of the fuel, it increases the GHG benefit by creating more with less. Running plants efficiently at high utilization rates also reduces the average cost per gallon of the fuel produced.

Using the lowest quality oleo lipids creates a fuel that has at least 86% less GHG than the diesel it is replacing; this is on par with potential cellulosic fuels only at much greater volumes.

REG has made innovative improvements to pretreatment systems allowing us to cost-effectively process more challenging feedstocks that would otherwise be destined for the landfill. A great example of this is our increasing utilization of trap grease, which is recovered from municipal sewer systems.

We also have novel, new technology under development that will allow us to continue to utilize even higher volumes of waste feedstock that very few are attempting to convert to biofuel today and don't have other beneficial uses.

These investments would not be made without increasing demand for biodiesel and renewable diesel. This demand, in part, is supported by a strong, growing, and consistent RVO and RFS program.

Reducing the Advanced standard and only maintaining the biomass-based diesel standard not only hurts our ability to grow and create new jobs and opportunities, it has a ripple effect through the value chain that hurts hard working, American families and American businesses. Thank you.