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Congress of the United States
House of Representatives
Washington, DC 20515-1502

January 28, 2014

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Dear Administrator McCarthy and other EPA officials,

In regards to the Environmental Protection Agency's (EPA) proposed rule, Renewable Fuel Standard (RFS) Program; 2014 Standards, please accept these comments for Docket ID No. EPA-HQ-OAR-2013-0479.

As the Representative for Iowa's Second Congressional District, I've heard strong concerns from my constituents and from Iowans across the state about the proposed 2014 renewable fuel volume obligations (RVOs) for the Renewable Fuel Standard. As a heavily rural area that leads the country in agricultural production, Iowa and the Second Congressional District stand to bear significant losses from the EPA's proposed 2014 RFS volumes. The most important of these losses will come economically, dramatically hurting our rural communities and potentially costing thousands of jobs in Iowa alone.

Below is an overview of just some of the concerns that Iowans and I share regarding this proposal. I strongly believe they absolutely must be considered during the final rulemaking process. These are concerns that I have heard overwhelmingly directly from my constituents and Iowans across the state. Additionally, with thousands of comments being submitted, I realize the EPA is faced with the difficult task of prioritizing concerns. I hope the below list and explanations help emphasize these concerns and I urge you to take these and the additional information being submitted to you by Iowans and the renewable fuel industry into careful consideration.

- **Devastating our rural economies:** Over the past year, the price of corn has dropped 40 percent, the largest single year drop since 1960. While corn prices had recently hit record highs of around \$8 during years of significant flooding and drought in the Midwest, the price of corn now threatens the break-even margin for farmers at just over \$4. With the primary crops grown in the Midwest being corn and soybeans, the reduction in the corn ethanol amount and what amounts to a decrease in the biodiesel volumes has already and will further drop the price for these commodities. There is already significant concern that falling commodity prices and land values signal potentially difficult years ahead for our farmers and thus our rural communities. Our farms support jobs well beyond the farm, and the 2014 proposed RFS volumes will only hurt these economies even more.

- **Biodiesel volumes:** I am extremely concerned about why the biodiesel volume requirement of 1.28 billion gallons remains the same for 2014 despite production levels being significantly higher at about 1.8 billion gallons. It has also been brought to my attention by the biodiesel industry that they were told at a meeting in Washington, DC with EPA officials that data from previous years was used to calculate volumes for 2014. There is no excuse for the EPA to not use the most up to date production data, and this must be taken into account in the final rule. I recognize the RFS requirement is only 1 billion gallons, but biodiesel represents a flexibility that should be used to continue the growth of biofuels by filling the advanced category.
- **Blend Wall and RINs:** The EPA has repeatedly emphasized the blend wall as a major reason for the reduction in RVOs for 2014, saying the current fuel supply and infrastructure limit the amount of renewable fuel that can be blended into the nation's gasoline supply and thus consumed. The fact is there are logical pathways around any such blend wall if the flexibility was granted by the oil companies that support the infrastructure and fueling station franchises. Flexibility for fuel retailers to sell different blends of ethanol from E15 through E85, especially in the Midwest, would significantly increase the amount of renewable fuel sold (http://ethanolrfa.3cdn.net/634b8ed984dd3732ba_7um6b8kjp.pdf). Additionally, our policies should support consumer choices at the pump instead of those choices being dictated by the oil industry.

While I recognize the concerns about the blend wall, I do not believe our farmers, rural communities, and biofuel producers should shoulder the entirety of the consequences from Big Oil's intentional inflexibility. I also recognize that one of the key issues surrounding the blend wall is the price of RINs. In a recent study, it was demonstrated that RIN credits decrease, not increase gas prices (<http://www.card.iastate.edu/publications/dbs/pdffiles/14pb18.pdf>). Even with volatile RIN prices last year, gas prices never increased for consumers. Big Oil did raise significant concerns about the rising RIN prices, but none reported significant losses, and some even reported RINs contributed to profits. From a simple supply and demand argument, it appears one solution to Big Oil's RIN price concern is to simply allow more renewable fuel infrastructure to decrease RIN pressure. We need to continue letting the RFS work and push for market solutions to any blend wall concerns that work with the intent of the RFS to increase our use of renewable fuels, not decrease it.

- **Legal authority:** It is not clear that the EPA has authority for these reductions in the volume of total renewable fuel. From my understanding, there are only two scenarios in which the EPA can lower volumes through waivers. The first scenario is due to "severe economic harm." It's been demonstrated that biofuels lower the price of gas and that RINs have no effect on prices for consumers or the profits of oil companies. More so, the real economic damage would come if volumes are lowered, costing thousands of jobs and devastating rural economies throughout the Midwest. Any "severe economic harm" caused by not lowering RFS volumes is surely dramatically surpassed by the "severe economic harm" that lowering the total renewable fuel volume would cause.

The second scenario is in the case of “inadequate domestic supply.” There is certainly no shortage of renewable fuel that would cause a decrease in RVO numbers from the final 2013 RVOs. In the original intent of the law, “inadequate supply” was most certainly referring to renewable fuels and not a domestic fuel supply as a whole that is largely controlled by the oil industry. For the EPA to use this argument to justify “inadequate supply” would greatly push its legal authority and the EPA knows this reasoning would be challenged in court.

- **Energy independence and environment:** Two of the major reasons for including the RFS in the Energy Independence and Security Act (EISA) of 2007 were to promote energy independence and reduce greenhouse gas emissions. Currently, the U.S. is experiencing a strong decrease in imported oil. While much of this is due to new technologies in domestic oil production, there is no doubt that the RFS has contributed significantly to energy independence. About 10 percent of the domestic fuel supply is now made up of biofuels, most of which are made in America. This means about 10 percent less oil is consumed, and no doubt a significant portion of that oil would be imported. Keeping a strong RFS will only further decrease our dependence on foreign oil from often hostile areas.

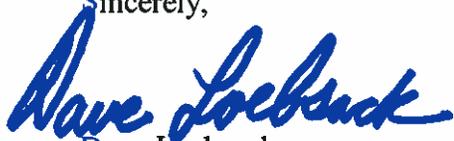
The RFS was also included in EISA to reduce the U.S.’s greenhouse gas emissions, which it’s doing. With the recent commitment from the President and EPA to work to reduce greenhouse gas emissions, decreasing the amount of renewable fuel represents a backwards policy. As it currently stands, every gallon of biofuel eliminated from our domestic fuel supply can only be replaced with an oil alternative. This would increase, not decrease our dependence on oil. Additionally, biofuel production – including that of conventional ethanol – is only becoming more and more efficient, reducing lifecycle greenhouse gas emissions. The opportunity to produce biofuels that would represent significant decreases in greenhouse gas emissions is here as we’re already seeing some advanced and cellulosic fuels demonstrating just that. However, backtracking on the RFS only discourages investors and we may never achieve the volume and type of fuels that this country will need going forward to break our oil dependence and meet greenhouse gas reduction targets.

In my recent meeting with Administrator McCarthy, I was pleased to hear her emphasize that this is not the final rule and that the EPA will absolutely be taking into consideration the comments received. The Administrator also indicated she was surprised by the amount of concerns she has heard from farmers, our rural communities, and the biofuels industry. It’s imperative that the EPA understand the effects of the RFS on these groups and my constituents and I strongly urge you to carefully review the comments you have received. I continue to stand ready to provide any additional information and to help provide the necessary context for the importance of the RFS to our farmers, rural communities, and economies like Iowa’s.

I strongly believe the RFS is working and is the right policy for Iowa, our country, our farmers, our rural communities, energy security and independence, advancing the biofuels industry,

giving consumers choices, and reducing our greenhouse gas emissions. The RFS has helped advance us in all of these areas and promises to continue to move us forward. Our rural communities, farmers, and Iowa's economy should not have to solely bear the costs of the inflexibility of Big Oil to control the market and consumer choices. Thank you for your time and consideration, and I once again urge you to reconsider the proposed 2014 RVOs.

Sincerely,



Dave Loeb sack
Iowa's Second District