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April 23, 2015

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Dear Administrator McCarthy:

We appreciate the opportunity to meet with the members of your team who are primarily responsible for the Renewable Fuels Program. Earlier this month, we welcomed your announcement that you would create a four-year program through 2017 for Biomass-based Diesel, and we look forward to working with you and your team on creating a program that is based on actual production from 2014 and that grows responsibly each year thereafter.

Specifically, we request that the EPA establish a Biomass-based Diesel program as follows:

2014 = 1.7 billion gallons
 2015 = 2.1 billion gallons
 2016 = 2.4 billion gallons
 2017 = 2.7 billion gallons

Additionally, we request an "Advanced Biofuels" program in which the renewable fuels in the diesel pool contribute as follows:

2014 = 2.86 billion ethanol equivalent RIN gallons
 2015 = 3.75 billion ethanol equivalent RIN gallons
 2016 = 4.75 billion ethanol equivalent RIN gallons

As you know, Biomass-based Diesel production under the RFS reached 1.75 billion gallons in 2014, and we believe modest and responsible growth is readily attainable each year through 2017.

There are four main issues to consider as we work with your team to move this process forward in a seamless way that will create a growing biodiesel industry and that meets the Administrations goals on addressing climate change, reducing our dependence on oil and improving our fuels policy.

1. The impact of biodiesel and renewable diesel on the cost to consumers of transportation fuel and on the cost to transport goods. Under the RFS, biodiesel and renewable diesel help lower the cost of diesel fuel at the truck stop and gas pump, which is evidenced by the number of discretionary blenders that use the product because it is economically beneficial for them to do so. Each year, approximately half of the volume of biodiesel is marketed through discretionary blenders, companies not required to use the product. They do so because they are able to add biodiesel to the marketplace at costs lower than petroleum diesel.

2. The impact of biodiesel and renewable diesel on other factors, including job creation, the price and supply of agricultural commodities, rural economic development, and food prices. Our team has conducted a complete macroeconomic analysis of the impact of responsibly increasing the volume of biodiesel and renewable diesel, which shows that it can be done in a way that does not negatively impact the many economic factors EPA is required to evaluate.
3. Increasing Imports -- Imports of biodiesel and renewable diesel are increasing. In 2013 and 2014 combined, more than 825 million gallons of biodiesel and renewable diesel were imported into the United States. We anticipate those volumes will grow due to the fact that EPA has made it easier for large volumes of biodiesel from Argentina to qualify for the program. Additionally we anticipate that already mature biodiesel and renewable diesel markets from Singapore, the European Union and South Korea will continue to ship product to the U.S. at increasing levels over the next three years.
4. Our goal since 2009 - when the volume program began - has been to responsibly grow production, and that remains our goal today. Our industry now has an opportunity to work with you on a four-year program that grows from last year's production to a reasonable volume through 2017. As producers, it is necessary that the program grows each year for both the Biomass-based Diesel program and the "Advanced Biofuels" program.

Biodiesel is a clear RFS success story, producing the vast majority of Advanced Biofuel under the program to date. However, the industry is in a state of crisis as a result of severe delays by the EPA in establishing volumes under the Renewable Fuel Standard (RFS). The National Biodiesel Board (NBB) recently conducted an analysis of private and public data recently to identify at least 54 biodiesel plants in 30 states that have either idled production or shut down over the past two years as the EPA has failed to implement a functioning RFS for 2014 and beyond. This includes 25 plants that have closed and 29 plants that have idled temporarily. Dozens of other plants have sharply reduced production.

Increasing the biodiesel volume under the program is the most practical, cost-effective way to ensure continued growing domestic production of Advanced Biofuel, which under RFS standards must reduce greenhouse gas emissions by at least 50 percent.

- **Jobs and Economic Impact:** The biodiesel industry is supporting more than 62,000 jobs over the past two years, along with some \$2.6 billion in wages and almost \$17 billion in total economic activity. However, the RFS uncertainty has forced widespread cutbacks and sharply reduced production in the industry.
- **Reducing Harmful and Costly Emissions:** According to the EPA, biodiesel reduces lifecycle greenhouse gas emissions by 57 percent to 86 percent compared to petroleum diesel. With nearly 8.2 billion gallons used from 2004 to 2014, biodiesel has cut carbon pollution by 75.5 million metric tons – the same impact as removing more than 15.9 million passenger vehicles from America's roadways. Additionally, the EPA consistently cites tailpipe emissions from traditional diesel – primarily from older trucking fleets and other heavy-duty vehicles – as a major national health hazard. Substituting higher amounts of biodiesel for traditional diesel fuel is the simplest, most effective way to immediately reduce diesel emissions.
- **Improving U.S. Energy Security:** The biodiesel industry is increasing domestic energy production, diversifying our fuel supplies and expanding domestic refining capacity so that we're not so vulnerable to global oil markets and associated refining bottlenecks. This improves U.S. energy security because despite increased U.S. oil production, petroleum is a global commodity, and U.S. consumers will continue to be at the mercy of heavily manipulated global petroleum prices until we have diversity in the market. Recent decisions from OPEC to steer those markets shows the continued danger to our economy and national security from our dependence on petroleum.

- **Addressing the Diesel Market:** It was always the intent of Congress that the RFS address not just the gasoline market but also the diesel pool, which fuels pivotal transportation and industrial applications such as long-haul trucks, buses, barges, and heavy machinery and which accounts for a significant share of the nation's air pollution in the transportation sector. You simply can't have effective renewable fuels policy without addressing the diesel market with diesel alternatives, Additionally, growing the Biomass-based Diesel pool does not contribute to the ethanol "blendwall."
- **Feedstock Diversity and New Technologies:** Biodiesel is one of the most diverse fuels in the world, produced using a broad mix of resources including recycled cooking oil, plant oils and animal fats. This has helped shape a nimble industry that is constantly searching for new technologies and feedstocks. Industry demand for new alternatives is stimulating, and often financing, research on new feedstocks and technologies such as algae and camelina.

Again, we look forward to working with you throughout this process, and we applaud your team for the hard work and progress you have made toward finalizing a responsible but growing four-year program for Biomass-based Diesel. If you have any questions or if we can provide any additional information, please do not hesitate to contact me at 202-737-8801.

Sincerely,

A handwritten signature in black ink that reads "Anne Steckel". The signature is written in a cursive, flowing style.

Anne Steckel
Vice President of Federal Affairs
National Biodiesel Board