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Written Statement of Anne Steckel
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Senate Committee on Environment and Public Works
United States Senate
Oversight of the Renewable Fuel Standard
February 24, 2016

Chairman Inhofe, Ranking Member Boxer, and other members of the Committee, I appreciate the opportunity to provide a written statement regarding the Renewable Fuel Standard (RFS) and the EPA's recent action setting annual volume standards.

Our comments today will focus on our continued efforts to grow the Biomass-based Diesel and Advanced Biofuel categories of the RFS. Biomass-based Diesel – commonly referred to as “biodiesel” – includes both biodiesel and renewable diesel, and qualifies as an Advanced Biofuel under the program.

In creating the RFS, Congress and the Administration of President George W. Bush sought to substantially increase domestic renewable fuel production in an effort to reduce our dependence on petroleum, to create jobs and economic activity in a new American energy industry, and to reduce harmful emissions. The law particularly sought to promote the development of Advanced Biofuels – those reducing greenhouse gas emissions by at least 50 percent.

To date, biodiesel is the first and only EPA-designated Advanced Biofuel under the program to reach commercial-scale production nationwide. Since the RFS was created, biodiesel has grown from a niche fuel to a commercial-scale industry with a record U.S. market of nearly 2.1 billion gallons last year, all made from an increasingly diverse mix of resources including recycled cooking oil, soybean oil and animal fats. Biodiesel's growth is proving that Advanced Biofuels are achieving the goals of the RFS.

Those goals are as compelling today as they were when Congress initially created the RFS with overwhelming bipartisan support in 2005. While most of us appreciate the low prices we are currently seeing at the fuel pump, we should not be lured into complacency. All of us know that oil prices rise and fall, often under the influence of nations and cartels that do not have our best interests at heart. We understand that fuel prices will rise again in the not too distant future, and Americans expect our elected officials to work on solutions. We must continue to develop and incentivize alternative fuels to protect American consumers from these price fluctuations, and to ensure that our economy is not overly dependent on a single, globally traded commodity. Doing so requires consistent, long-term policy.

We also must continue to develop new fuels that reduce harmful pollutants, including carbon emissions, which are creating costly public health problems along with tremendous burdens on public

infrastructure. And we must incentivize new technologies that create the jobs of the future and keep the United States at the forefront of advances in the energy sector.

The RFS is working to do all of those things in a cost-effective way that helps consumers.

The National Biodiesel Board has worked closely with the EPA, including EPA Administrator Gina McCarthy, Acting Assistant Administrator Janet McCabe, and their very capable team led by Director Christopher Grundler. We appreciate the EPA's hard work to get the annual process of establishing volume standards back on track from a timing perspective. We look forward to working with the EPA this year to continue to increase the volumes of domestically produced biodiesel, renewable diesel and other advanced biofuels.

Specifically we will be working with the Administration to grow the Biomass-based Diesel program from the 2.0 billion gallons established for 2017, and the Advanced Biofuels program from the 3.61 billion ethanol-equivalent gallons the EPA set for 2016.

The evidence clearly shows that stable, growing biodiesel volumes will help achieve the goals of Congress and the EPA. We believe biodiesel is the cleanest fuel available on a commercial-scale today. According to EPA calculations, which were recently corroborated by similar findings from the California Air Resources Board, biodiesel reduces greenhouse gas emissions by 57 percent to 86 percent when compared to petroleum diesel. It is without question the most successful Advanced Biofuel to date under the RFS, and it has delivered the vast majority of Advanced Biofuel under the program.

Additionally, thanks to the market dynamics of the RFS, biodiesel blends are often available on the market at prices lower than petroleum diesel. Fleets across the country, including the U.S. Navy, confirm this.

Yet in the most recent rulemaking, the EPA finalized a 2.0 billion gallon program for Biomass-based Diesel for 2017. That is slightly less than the 2.1 billion gallons of biodiesel actually delivered under the RFS in 2015, and significantly less than the more than 3 billion gallons of registered biodiesel production capacity in the U.S.

We can do more and we should do more, particularly in a 60-billion-gallon diesel market that continues to grow.

After careful review of industry production capacity, feedstock availability and other factors, NBB will continue to urge the EPA to fulfill the intent of Congress and move forward in the growth of Advanced Biofuels and specifically the Biomass-based Diesel program in a meaningful way that drives investment and production.

Of note, we believe the EPA has significantly underestimated the volume of imports that are already making their way into the U.S. Biodiesel imports to the U.S. have grown sharply in recent years. In 2015 alone more than 650 million gallons of biodiesel and renewable diesel were imported to the United States, up from less than 100 million gallons in 2012. We expect that trend to continue. The EPA's decision to streamline feedstock certification for Argentinian biodiesel, in particular, is widely expected

to result in significant new volumes of Argentinian biodiesel coming to the U.S. Additionally we anticipate that already mature or growing biodiesel markets from Asia and the European Union will continue to ship product to the U.S. at increasing levels in the coming years.

We believe more robust volume targets are warranted to help accommodate growing imports while at the same time incentivizing domestic production. Clearly, the intent of Congress in developing the RFS – and expanding it under the Energy Independence and Security Act of 2007 – was to generate more domestic production of renewable fuels in the diesel markets and to move toward Advanced Biofuels.


While the final EPA volumes established last year were a step in the right direction, NBB believes the agency was still far from fulfilling the intent of Congress. We believe the EPA must provide for meaningful annual increases to effectuate the statute's requirements and goals.

About NBB: NBB is the national trade association representing the biodiesel and renewable diesel industry as the coordinating body for research and development in the United States. It was founded in 1992, and represents fuel producers, feedstock organizations, fuel marketers and distributors, technology providers and other related businesses.

Biodiesel/Renewable Diesel Background: Biodiesel, renewable diesel, and renewable aviation fuels are renewable, low-carbon diesel and jet fuel replacements. The EPA has determined, based on the lifecycle and greenhouse gas emissions requirements established under the Energy Independence and Security Act (EISA) (P.L. 110-140), that these fuels qualify as Advanced Biofuels under the RFS – in that when compared to petroleum diesel, they reduce greenhouse gas emissions by at least 50 percent. There are over 200 biodiesel and renewable diesel plants registered with the EPA, representing a combined production capacity in excess of 3 billion gallons.

I appreciate the opportunity to submit comments. If you have any questions or comments, please do not hesitate to contact me at 202.737.8801.

Sincerely,



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