

August 28, 2019

President Donald J. Trump
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Mr. President:

On behalf of the American Fuel & Petrochemical Manufacturers (AFPM) and the American Petroleum Institute (API), we write to share our concerns with the misinformation and misguided proposals the ethanol industry and some within your administration are advocating for in the wake of recent Renewable Fuel Standard (RFS) hardship waivers (SREs) granted by EPA to certain small refineries. Frankly, these folks are attempting to leverage your legitimate concern for family farmers to convince you to adopt unlawful policies that may, at most, provide a short-term benefit to large biofuel producers, but not help small farmers or boost biofuel demand and will substantially hurt small refinery workers as well as the communities and consumers they serve. We urge you to reject these attempts.

The RFS is a burden on all refiners, regardless of size. However, hardship waivers are specifically allowed under the law if a small refinery can demonstrate that compliance would cause it to suffer disproportionate economic hardship. A retroactive denial of such relief would be contrary to the law and a reallocation of those volumes to other obligated parties would disrupt the fuels market and could translate into higher prices at the pump for consumers.

The ethanol industry incorrectly asserts that SREs erode biofuel demand and hurt farmers. This is false. Data from the U.S. Energy Information Administration show unequivocally that biofuel production and consumption are at all-time highs and have not been impacted by SREs. This is because, even if a small refinery receives a waiver, ethanol is still blended into their product. Unlike in the past when most U.S. refiners made and sold ready-for-the-pump finished gasoline, today U.S. refineries mostly make “Blendstocks for Oxygenate Blending” (BOBs). BOBs must be blended with ethanol before being sold as gasoline to consumers. Thus, even the BOBs produced by small refineries covered by hardship waivers are still ultimately blended with ethanol. This is why ethanol demand has not dipped after the issuance of waivers. Hardship waivers do, however, provide small refineries with relief from high RFS compliance costs, which for most refineries exceed the cost of payroll and trail only the cost of crude oil on which they run.

To “make up” for the biofuel gallons allegedly “lost” to hardship waivers, the biofuel industry now advocates for you to act inconsistently with the law by adding additional volumes to future year RFS mandates. This is simply bad policy based on flawed assumptions. There are no lost gallons attributable to hardship waivers. Virtually all gasoline used today will continue to be blended with ethanol regardless of the RFS and despite hardship waivers. Every year, EPA is obligated to develop biofuel mandates that are reasonably attainable. Simply tacking on additional volumes to what EPA declares attainable would be arbitrary, unlawful, and do nothing to increase consumer demand for more biofuels. Such action would only raise compliance costs

for all refineries and drive up fuel prices for consumers. Adding insult to injury, increased volumes are likely to be met with substantial volumes of foreign biodiesel, as has been consistently demonstrated over the past few years. For example, last year alone, American refiners were forced to rely on hundreds of millions of gallons of foreign biofuel to satisfy these mandates, even with tariffs on these foreign suppliers. This is hardly an “America First” energy policy.

We also understand that some advisors are suggesting you allow E15 (gasoline with 15 percent ethanol) to be marketed, labeled, and sold as regular gasoline. Aside from that action being unlawful, it would likely be disastrous to consumers, as the majority of cars on the road today, as well as motorcycles, lawnmowers, boats, and other small engines are not designed or warranted to run on ethanol blends greater than 10 percent (E10). Consumers need and have a right to know the ethanol content of the fuel they are putting in their engines.

You have indicated that you would like to find win-win solutions. Authorizing year-round E15 sales was not a win-win; nor are the proposals being floated by the ethanol industry. Our many thousands of workers in Pennsylvania, Ohio, Texas, Michigan, Louisiana, and elsewhere are counting on you to keep your promise and to protect their jobs and keep America competitive and energy dominant. We do believe win-win solutions exist and would welcome the opportunity to meet with you to discuss them further.

Respectfully,



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