October 18, 2017

President Donald J. Trump
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear Mr. President,

We strongly support your Administration's recent review of the Renewable Fuel Standard (RFS). Specifically, recent media reports suggest your EPA may be considering a policy to treat exported gallons of biofuel the same as domestically consumed biofuel under the RFS program. Doing so would not only bolster the goals of the RFS and boost domestic renewable fuels production, but also provide much-needed regulatory relief for merchant refiners.

Merchant refiners have been a consistent voice in providing commonsense solutions to the RFS. The need for significant reform has only grown over the last year as the cost of purchasing Renewable Identification Numbers (RINs) to comply with the RFS has skyrocketed. The RINs situation has become very urgent, threatening some refiners' survival. To that end, we recently submitted comments to EPA suggesting numerous options aimed at controlling compliance costs while maintaining the energy security and environmental goals of the program. Modernizing the RFS' treatment of ethanol exports is a win-win solution that is aligned with the statutory purpose of the RFS and would enhance your energy dominance agenda by fostering export growth.

Currently, biofuel that is imported and blended into our transportation fuel is eligible for credits that can be used for RFS compliance. Domestic producers who export their biofuel overseas, however, are ineligible to receive credits for the exact same fuel, resulting in an imbalance that favors foreign-produced imports over U.S. produced exports. This structure is contrary to the purpose of the RFS, which is intended to support *domestic* biofuel production, *domestic* manufacturing, and *domestic* energy security.

EPA can and should resolve this issue with the RFS by clarifying that all biofuels manufactured in the U.S. and then shipped from a U.S. facility are eligible for program compliance. This simple change, which can be achieved via regulatory rulemaking, would lead to more jobs due to increased biofuels production, increased capital investment in biofuel facilities here at home, increased domestic corn consumption, and a lower trade deficit. This would help extend U.S. energy dominance to the renewable fuels arena, and should be a boon to farmers and biofuel producers alike.

The benefits to refiners, ethanol producers, and corn growers should be obvious, yet there has been significant misinformation about this proposal. Contrary to the assertion by those determined to maintain the status quo, this change would not hurt farmers and ethanol producers. By eliminating an exporter's obligation to retire RINs for exported biofuel volumes, EPA would remove an unnecessary disincentive for exports. This would also encourage increased ethanol production. Farmers and ethanol producers have been advocating for years for policies to promote exports. This proposal would represent the single biggest victory in that advocacy effort. Indeed, eliminating the RFS' export penalty would finally allow ethanol producers to directly participate in the RIN market thereby providing them an additional revenue stream that is currently unavailable due to the existing regulations.

Some have claimed that this change would be viewed as an export subsidy, causing our trading partners to impose tariffs on our exports. This situation is highly unlikely, however, because the proposed RFS reform does not create a subsidy, but rather removes a disincentive to export. Currently, the RFS allows the generation of a RIN for each gallon of ethanol produced in the U.S. Under EPA's unilaterally established regulations, however, there is a penalty imposed on exported ethanol that prevents those RINs from being sold to and used by obligated parties. This proposal would do nothing more than eliminate that disparate treatment – ethanol would be treated the same whether it is exported, imported, or produced in the U.S. for domestic consumption. The reform would afford exporters the same opportunity provided to our trading partners that sell their biofuel into the United States.

Opponents of this proposal have claimed that the Administration does not have the authority under the statute to make this change. We believe this is patently false. Under the Energy Independence and Security Act of 2007, the RFS requires that "transportation fuel sold or introduced into commerce in the United States" contain at least the amounts of renewable fuels specified in the statute. Ethanol is a transportation fuel. All ethanol manufactured in the US and shipped from a US plant (whether ultimately consumed in the US or not) is clearly "introduced into commerce in the US". The statute does not require the fuel to be consumed within the borders of the US.

Lastly, the opposition has claimed that this is nothing more than a last-minute idea hatched by the refiners with the goal of undermining the RFS. Nothing can be further from the truth. Merchant refiners have been clear with EPA and all stakeholders throughout our administrative rulemaking comments that our intent in advancing this position is simply to reduce RFS compliance costs in a manner that will also increase domestic production of ethanol and other renewable fuels. Modernizing the treatment of ethanol exports is not a new idea. In 2014, the Bipartisan Policy Center (BPC) released a report entitled "Options for Reforming the Renewable Fuel Standard" which listed this as one of a series of options for reforming the RFS. The need for this policy change has only grown since the BPC report was released over three years ago given the skyrocketing and unreasonable cost of compliance.

The opponents of this proposal are doing nothing but promulgating falsehoods aimed at undermining your energy dominance agenda. American farmers are the best, most productive in the world, and our country has the best ethanol manufacturing plants and workers. These great American assets should be unleashed to fully advance U.S. energy independence and economic growth. Allowing our exported biofuel to be part of the RFS will increase domestic production and lead to increased exports, which would certainly further these goals. The availability of RINs from these exported gallons would result in needed compliance costs relief, which in turn would greatly reduce the risk of the shutdown of refineries, which are acknowledged as critical pieces of energy infrastructure. This, too, would undoubtedly advance U.S. energy independence and protect jobs.

We support your EPA's efforts to improve the way the RFS program operates, and the commitment to fulfilling not only the requirements contained within the CAA, but also the goals of the program as Congress intended. EPA has within its power the ability to level the playing field by treating exports the same as domestically-consumed products, removing a self-imposed trade barrier that unfairly discriminates against exports. This would help American companies compete in the global marketplace, and allow them to reach their full potential – all to the benefit of our country. We will continue to work with your Administration to identify reasonable solutions that are beneficial to both renewable fuels and refiners.

Sincerely,

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