Sauder's Eggs
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Docket ID No. EPA–HQ–OAR–2021–0324

On behalf of Sauder's Eggs, we appreciate the opportunity to submit comments in connection with the Environmental Protection Agency's (EPA) proposed RFS volumes, outlined in the above docket and rulemaking.

Sauder's Eggs is a family-owned and operated business born in the 1930s, during the height of the Great Depression. Over the years, we've grown from a single location selling eggs door-to-door into a multi-faceted business with three marketing branches and five processing plants located in three states. We partner with nearly 120 farms, producing approximately 1.5 billion eggs every year. Most importantly, we provide employment for 400 members of our "extended family." We've earned our reputation for quality because we treat our employees and our farm partners with dignity and respect, and this ultimately allows us to deliver the highest quality eggs to consumers.

To maintain the quality of our eggs and ensure they're handled properly, we only use our own trucks to transport and deliver Sauder's eggs. We have a fleet of more than 65 refrigerated trucks, all of which are driven by our own employees. Having refrigerated trucks is how we're able to deliver high-quality eggs and related products that have retained their freshness throughout the production, processing and delivery process. Owning all of the vehicles in our fleet affords us the best opportunity to maintain control of the temperature in our trucks, which is a critical element of ensuring food safety.

Regardless of the time of day or what the weather's doing, our delivery trucks are on the roadways because we're committed to providing our products through a variety of retailers – it's why we never rest. On average, our trucks travel over 3.5 million miles per year, and as you might imagine, we use a substantial amount of fuel. So we pay close attention to our transportation costs. We also tend to sign multi-year distribution contracts, which means that if costs go up on our end, we absorb those increases - so the price and accessibility of fuel is important to us.

While you may initially be wondering why a company in the business of egg distribution would be submitting official comments to the EPA on matters related to biofuel blending, the answer is simple: The RFS program is malfunctioning, and unless significant changes are made, our domestic fuel refiners could go out of business. This outcome would have devastating impacts not only on the people who work at these refineries and those that are supported by it, but also on the countless businesses like Sauder's who depend on reliable access to fuel supplies in the northeast United States. I sincerely hope that the EPA understands the gravity of this potential consequence.

I've become familiar with the RFS and how it impacts the price of fuel, and I've also learned how the market for tradeable RFS compliance credits has driven independent refiners to the brink of insolvency. Multiple refiners located in the northeast have each reported spending hundreds of millions of dollars year after year on RFS compliance costs. In some cases, annual RFS compliance costs have even exceeded the vast majority of all other costs to run their business. I can't imagine how I could run my family-owned business if the costs to comply with just one federal program essentially exceeded all of our other expenses. The economics behind something like this doesn't make sense and I find it hard to believe that the Congressional architects of this program envisioned something like this could actually happen. I'm sure that it would have become a highly contentious debate at the time if this was a possible outcome.

The threat of closure facing America's independent refiners, particularly those in the northeast, ultimately represents a threat to the businesses and consumers that rely on these facilities as dependable suppliers of transportation and home heating fuels. If refiners shut down, fuel costs will certainly rise which would be yet another inescapable cost increase that consumers must simply absorb. Fortunately, the EPA has the opportunity to take steps that will almost certainly prevent this scenario from playing out, and the Agency can do so by revising the proposed RFS volumes it recently published.

The Agency has set ethanol blending volumes for 2022 so high that it will be impossible to achieve. If left unchanged, the proposed volumes will continue to drive up compliance costs for refiners, forcing them for yet another year to pay massive amounts of money just to comply with the program. This is hundreds of millions of dollars that is not getting invested in their facilities to lighten their environmental footprint, put people to work, or to make the process conversions necessary to produce the greener fuels of tomorrow. And to add insult to injury, the excessive amount that refiners pay for compliance (some estimate it's around a $30 billion dollars) doesn't seem to be making its way to build out renewable infrastructure, to help America's farmers or our domestic ethanol industry. From what I've read, people have learned how to commoditize this compliance system for their own gain, not for the benefit of the program's intent.

Luckily, the EPA has the opportunity and ability to change things for the better in the short term and then reform the program to ensure that it works as Congress intended. Therefore, I urge the EPA to consider the following:

1. **Reducing volumes in the proposed RFS rule by 1.5 billion gallons at a minimum**
    a. The Agency could lower the 2022 ethanol volumes to a level that is actually achievable given the realities of blending limitations, or;
    b. The EPA could further reduce the 2020 and 2021 volumes by the same amount.

2. **Alter the 2022 blending volumes by increasing the advanced biofuel portion of the standard and lowering the ethanol portion of the standard, without lowering overall volumes.**
    a. This would alleviate many of the current barriers that exist with blending of ethanol, while actually advancing EPA's greenhouse gas reduction goals.

As inflationary costs continue to hit consumers across all aspects of their daily lives, we can ill afford to add another burden onto the backs of the American people. The vision of Congress when creating the RFS program was to reduce greenhouse gas emissions and expand the nation's renewable fuels sector, all while reducing reliance on imported oil. We have the opportunity stay true to Congress' vision of the program without closing our last remaining refineries on the east coast. And revising the proposed blending volumes is a very good first step.

Respectfully,

Mark Sauder, Owner & CEO
Sauder's Eggs