

Biofuels backers draw red lines ahead of ethanol plan

By Grace Yarrow

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Biofuels backers are warning lawmakers that they will oppose any congressional proposal to permit year-round E15 fuel sales that includes certain provisions sought by mid-size oil refiners.

The Rural Domestic Energy Council, formed by House Republicans after year-round E15 was stripped out of federal spending legislation last month, was tasked with bringing a revamped biofuels bill on the House floor by Feb. 25.

The council has circulated a discussion draft that includes refiner-friendly changes, and is set to release a more formal draft of legislation as soon as Wednesday, according to two people familiar with the plans. E15 supporters are asking council co-chairs Reps. [Stephanie Bice](#) (R-Okla.) and [Randy Feenstra](#) (R-Iowa) to scrap those tweaks, according to a letter first obtained by POLITICO, expressing concern that mid-size oil refiners who tanked the January deal could ask for more than ethanol producers want.

The group asked that the 450 million Renewable Identification Number (RINs) cap for Small Refinery Exemptions (SREs) stay the same, and that lawmakers ban reallocation of granted exemptions, also pushing for a plan to immediately implement year-round E15 sales and delay SRE changes until 2028.

“While other details need to be worked through, with these conditions met, we believe the proposal has the potential to strike an appropriate balance amongst various stakeholders,” they wrote. The group included the American Petroleum Institute, Growth Energy, National Corn Growers Association, National Association of Truckstop Operators, SIGMA, National Association Of Convenience Stores, American Farm Bureau Federation and Renewable Fuels Association.

The letter to Bice and Feenstra highlights the difficulty facing House GOP leaders, who created the energy council to appease midwestern Republicans who could have tanked the January spending bill over their anger that an E15 deal wasn't included. The panel was tasked with finding a way to appease both biofuels and oil interests. So far, it's letting both sides down.

An initial proposal floated by the council has yet to earn the support of all refiners, who are hinging their support on keeping down compliance costs associated with the Renewable Fuel Standard.

The Fueling American Jobs Coalition, which advocates for independent oil refiners, released a statement this month saying it won't support any proposal “that will be used to drive up the ethanol mandate.”

“Current draft proposals might work for the world's largest oil companies, many of whom have offshored refining capacity, but these so-called 'compromises' will only force mid-size, independent American refiners out of business,” the coalition said in a statement after initial details of the proposal emerged.

Even if House Republicans are able to overcome the industry divide and pass a deal in the coming weeks, it will face intense opposition from oil-state Republicans in the Senate.