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**Testimony of Donnell Rehagen
Chief Executive Officer, National Biodiesel Board**

**U.S. Environmental Protection Agency
Public Hearing on RFS Standards for 2019 and BBD Volumes for 2020
July 18, 2018
Ypsilanti, MI**

Good morning. Thank you for the opportunity to comment on EPA's proposed volumes for advanced biofuels and biomass-based diesel.

I am Donnell Rehagen, CEO of the National Biodiesel Board (NBB). Our trade association represents the entire U.S. biomass-based diesel value chain – from feedstock suppliers to producers to fuel distributors.

Throughout the day today, you will be hearing from NBB members from across the country. They include Midwest suppliers of soy, canola, and – increasingly – distillers corn oils. They also include Northeast distributors of transportation fuels and heating oils made from recycled cooking oils. And producers from the South and West Coast who convert animal fats to transportation fuels and even jet fuels.

When Congress developed the RFS2 program in 2007, it sent a signal that growth of the biodiesel industry was vital to achieving energy security, improving environmental health, and boosting rural economies. In response, the biodiesel industry made long-term investments to meet those goals.

I would ask you to consider carefully the investments our members talk about today. Because, to put it bluntly, too often the annual rules that EPA proposes and finalizes undercut those investments.

The biodiesel industry appreciates the increase in biomass-based diesel volumes for 2020. We know that EPA originally planned to propose flatlining those volumes for a third year in a row, which would have been a disaster for investments in our industry.

At the same time, though, the proposal for a small increase does not provide the industry sufficient certainty. EPA is proposing biodiesel volumes for 2020 that are below what the agency recognizes can reasonably be achieved in 2019. The biodiesel industry has consistently produced above the volumes that EPA sets in annual rules. It can do much more in 2020, if given the signal that Congress intended.

To provide the certainty that the biodiesel industry needs, EPA should raise the 2020 volume for biomass-based diesel to at least 2.8 billion gallons. That number better aligns with the

goals that Congress set for the RFS program. And it will better fulfill the promise of the RFS program.

In addition, EPA must address the uncertainty it has created by improperly waiving the 2016 volumes and by retroactively granting an unprecedented flood of small refiner hardship exemptions. The volumes that EPA finalizes for 2019 and 2020 will be meaningless without a solution to these issues.

EPA acknowledges that the small refiner exemptions have created more than 2.25 billion carryover RINs that will flow into 2019. We estimate that includes RINs associated with more than 300 million gallons of biodiesel. Those carryover RINs directly reduce demand for biofuels this year. They will continue to flatline growth in biodiesel production as they carry forward to 2019.

The proposed rule as issued projects that EPA will not grant any small refinery hardship exemptions in 2019. We have a hard time believing that will be the case.

It's clear – from the information EPA has posted in the docket and invited comment on – that solutions to these issues were outlined and considered for this proposal – but mysteriously withdrawn at the last minute. I support EPA's efforts to resolve these issues and ask the agency to reconsider including them in the final rule.

To sum up: the rule that EPA has proposed does not live up to the RFS program goals. The biodiesel industry has made significant investments to achieve the energy security, environmental, and job creation goals set by Congress. The industry needs volumes set at a level that provides certainty for those investments and for additional growth. And once the numbers are set, the industry needs EPA to ensure that the volumes are met.

The National Biodiesel Board is the U.S. trade association representing the entire biodiesel value chain, including producers, feedstock suppliers, and fuel distributors, as well as the U.S. renewable diesel industry. Made from an increasingly diverse mix of resources such as recycled cooking oil, soybean oil and animal fats, biodiesel is a renewable, clean-burning diesel replacement that can be used in existing diesel engines without modification. It is the nation's first domestically produced, commercially available advanced biofuel.