RENEWABLE FUEL STANDARD

Overview
For more than 20 years, the National Corn Growers Association (NCGA) has worked side by side with farmers, industry, and government to build the biofuels industry from the ground up. Corn farmers and biofuel producers have moved our nation closer to energy independence, brought consumers cleaner-burning fuels and helped revitalize rural America by creating green jobs and new economic activity. This success and growth is due in large part to the Renewable Fuel Standard (RFS). We must protect the integrity of the RFS.

Background
Congress created the RFS through the Energy Policy Act of 2005, which amended the Clean Air Act (CAA). Two years later, Congress further amended the CAA by significantly expanding the RFS in the Energy Independence and Security Act of 2007 (EISA). This law is often referred to as “RFS2.” The RFS requires oil companies to blend increasing amounts of renewable fuels with gasoline and diesel, allowing biofuels access to a closed market.

The RFS was part of Congress’ comprehensive strategy to reduce our country’s dependence on foreign oil, improve national security, reduce greenhouse gas (GHG) emissions, and spur economic growth, especially in rural America. By all measures, the RFS has been a resounding success. Because of the RFS, consumers pay less at the pump, oil and gasoline imports are lower, tailpipe and GHG emissions from vehicles are reduced and value has been added to farmers’ crops.

To achieve Congress’ policy goals, the RFS set levels of renewable fuels that must be blended into the fuel supply and established GHG reduction criteria and a methodology for calculating lifecycle GHG emissions. According to EPA’s 2010 modeling, the use of corn-based ethanol would reduce GHGs by 21 percent compared to gasoline by 2022. More recent analysis, however, found that GHG emissions for corn-based ethanol are actually 43 percent lower than gasoline today. This USDA study on the actual performance of the U.S. farm sector and ethanol industry demonstrates that land-use changes have been lower than expected, both corn and ethanol production have become more efficient, and on-farm conservation practices have enhanced GHG benefits. These factors contribute to a much lower GHG profile for corn-based ethanol, compared to gasoline, that will only keep improving as corn growers keep producing more corn with less land, fewer inputs and better soil health protections.

Our Concern: EPA’s Secret RFS Refinery Exemptions
EPA is responsible for issuing annual regulations to ensure fuel sold in the United States contains the correct volume of renewable fuel; EPA must complete this rule-making process by November 30 for the year ahead. In the past year, however, EPA actions behind closed doors have considerably undermined the integrity of the RFS volumes.

EPA has retroactively waived RFS volume requirements for more than 30 refineries using an exemption process intended for small refineries demonstrating an economic hardship. EPA’s waivers, totaling 2.25 billion ethanol-equivalent gallons, have gone to many refineries owned by large and profitable companies, effectively exempting them from RFS compliance. Not only do these secret waivers impact corn demand for farmers, EPA’s actions are also shortchanging the clean air and consumer savings benefits of the RFS. EPA’s effort to set 2019 RFS volumes is meaningless if EPA does not account for refinery waivers and reallocate waived obligations to others.


Questions? Contact Kathy Bergren at bergren@ncga.com or 202-326-0649
RFS KEY POINTS

THE RENEWABLE FUEL STANDARD:

- Has spurred economic growth for farmers and rural communities
- Provides a dependable policy structure that supports stable markets and technological advancements in the biofuel industry
- Reduced 2017 GHG emissions by the same amount as taking 11.4 million vehicles off the road for a year
- Has not significantly impacted agriculture land use. The area planted to principal crops is lower in 2018 than in 2000. Farmers are producing more corn because their productivity has risen by an average of 25 bushels per acre since 2007, not because they are using more acres
- Has not increased the price of gas or food, which are both declining. The price of corn is lower now than when the RFS was expanded in 2007
- Is not a “mandate.” The annual standards set by EPA simply allow American-made renewable fuels space to compete at the pump

EPA’s SECRET REFINERY WAIVERS:

- Have exempted more than 30 refineries from renewable fuel blending, shortchanging RFS benefits for consumers and farmers
- Have gone to refineries that are neither small nor facing an economic hardship. EPA’s own research has concluded that refiners are not facing economic harm from the RFS
- Exceed the authority Congress granted. Volumes waived by EPA must be made up by other parties in order to keep the RFS whole

Moving forward, corn farmers call on EPA to maintain the integrity of the RFS and ask Congress to hold EPA accountable. Doing so will bring much-needed stability to the marketplace, providing greater certainty for farmers and ensuring consumer realize the full air quality and energy independence benefits of the RFS.

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