



P.O. Box 100
121 Zeh Avenue
Brewster, MN 56119-0100

Phone: (507) 842-6677
Fax: (507) 842-0086
www.mnsoy.com

Minnesota Soybean Processors

October 23, 2013

Administrator Howard A. Shelanski
Office of Information and Regulatory Affairs
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Ave., NW
Room 262
Washington, DC 20503
Email: HShelanski@omb.eop.gov; dmancini@omb.eop.gov

Administrator Regina A. McCarthy
Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Ave., NW
Room 3000
Washington, DC 20460
Email: Mccarthy.gina@epa.gov

Dear Administrators McCarthy and Shelanski:

We are writing as some of the thousands of Americans whose livelihood is supported by the U.S. biodiesel industry to express our strong support for increasing the 2014 volume requirement for Biomass-based Diesel under the Renewable Fuel Standard (RFS).

As you know, biodiesel is a tremendous RFS success, growing from a niche fuel just five or six years ago into a nationwide industry with more than 1 billion gallons of production and plants in nearly every state in the country. It has exceeded RFS targets since the policy began, becoming the first and only EPA-designated Advanced Biofuel to reach 1 billion gallons of annual production.

This growth is in no small part a result of Congress, the White House, the EPA and other agencies working together in a bipartisan fashion to create and successfully implement the RFS. It is creating tremendous benefits for the nation in terms of job creation, economic growth, emissions reductions and energy security. We are asking you to continue that progress with a modest, sustainable volume increase for 2014.

Already this year, the biodiesel and renewable diesel industries are on pace to significantly exceed the 2013 RFS requirement of 1.28 billion gallons for Biomass-based Diesel. Through the end of July, the EPA

CC:

Heather R. Zichal

The White House - Office of Energy and Climate Policy

Deputy Assistant to the President for Energy

1600 Pennsylvania Avenue NW

1st Floor, West Wing

Washington DC 20500

Email: hzichal@who.eop.gov

Secretary Thomas Vilsack

US Department of Agriculture

Office of the Secretary

Jamie L. Whitten Building

1400 Independence Ave. SW Room 200-A

Washington DC 20250

Email: agsec@usda.gov

Press Release from then-Sen. Obama regarding the American Fuels Act of 2006

March 18, 2006

U.S. Senators Barack Obama (D-IL) and Richard Lugar (R-IN) Friday said that they have introduced comprehensive legislation that will use alternative fuel technologies to greatly decrease America's dependence on foreign oil. **"For all of our military might and economic dominance, the Achilles' heel of the most powerful country on Earth is still the oil we cannot live without,"** said Obama. **"I could give you all plenty of reasons why it's a good idea for this country to move away from an oil-based economy, but all we really need to know about the danger of our oil addiction comes directly from words spoken by Osama bin Laden: 'Focus your operations on oil, especially in Iraq and the Gulf area, since this will cause them to die off [on their own].'"**

~~Obama and Lugar's bipartisan legislation, the American Fuels Act of 2006 (S. 2446), would take a four-step approach to reducing America's dependence on foreign oil. First, the legislation would spur investment in alternative fuels by increasing the production of cellulosic biomass ethanol (CBE) to 250 million gallons by 2012. It would also create an Alternative Diesel Standard that will require 2 billion gallons of alternatives diesels be mixed into the 40 billion gallon annual national diesel pool by 2015. This proposal is modeled of the Renewable Fuels Standard, which has proved successful in increasing ethanol production and use.~~

Second, the legislation would help increase consumer demand for alternative fuels by providing a short-term, 35 cents per gallon tax credit for E85 fuel and by providing automakers with a \$100 tax credit for every E85-capable Flexible Fuel Vehicle (FFV) produced.

Third, it would require the U.S. government to lead by example and increase access to alternative fuels by requiring the government to allow public access to alternative fueling stations located on federal government property and by requiring that only clean buses be eligible for federal cost sharing. It would also create establish a Department of Defense "fly-off competition" that would encourage private sector companies to compete to find the most energy efficient alternatives fuels for defense purposes.

Finally, the legislation would create a Director of Energy Security to oversee and keep America focused on its goal of energy independence. The Director of Energy Security would serve as the principal advisor to the President, the National Security Council, the National Economic Council and the Homeland Security Council.

"This bill will help tilt our energy balance toward alternative fuels, moving these fuels into additional markets and making them more widely available for consumers," said Lugar. "We believe that U.S. national security will be served by more robust coordination of all the elements that contribute to energy security. Consequently, the bill also would establish the post of Director of Energy Security, who would answer to the President. Our policies should be targeted to replace hydrocarbons with carbohydrates. Obviously this is not a short-term proposition, but we can off-set a significant portion of demand for oil by giving American consumers a real choice of automotive fuel. We must end oil's near monopoly on the transportation sector, which accounts for 60 percent of American oil consumption. I am pleased to join Sen. Obama in promoting this legislation and appreciate his initiative in drafting it."

Senator Obama said that while the reforms he and Senator Lugar have proposed will require sacrifice, they are attainable if America truly commits to the goal of energy independence.

"The President was absolutely correct when he said America is addicted to oil, but we can't continue to settle for piecemeal, bite-sized solutions to our energy crisis," said Obama. **"We need a national commitment to energy security. Now is the time for serious leadership to get us started down the path of energy independence. The ideas Senator Lugar and I have proposed are bipartisan and common-sense and would take an enormous step towards energy independence."**

Senator Richard Lugar is Chairman of the Senate Foreign Relations Committee. Senator Obama is also a member of the Foreign Relations Committee as well as the Environment and Public Works Committee.

Wall Street Journal: U.S. Refiners Export More Fuel Than Ever*American Companies Export Energy Boom World-Wide*

By Ben Lefebvre

October 8, 2013

U.S. refiners are selling more fuel abroad than ever before, effectively exporting the American energy boom to the four corners of the world.

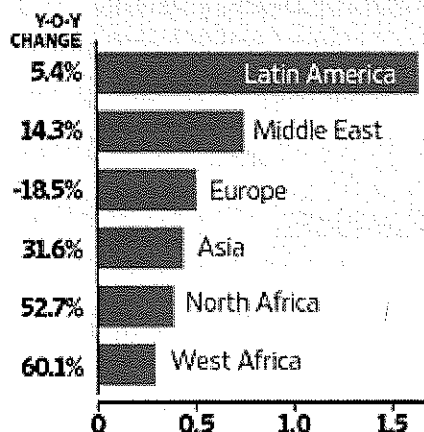
As crude production soars in places like the Eagle Ford shale formation in Texas, U.S. refiners along the Gulf Coast are increasingly using local oil, which is less expensive than the North Sea crude that European refiners use. That often means diesel and other fuels made in the U.S. are a bargain abroad even after adding the shipping costs.

While federal law bars overseas shipments of most U.S.-produced oil, refiners can export petroleum products created from that crude, including gasoline, diesel and jet fuel.

In July, U.S. refiners shipped a record 3.8 million barrels of products a day to places as far flung as Africa and the Middle East, according to the latest monthly data from the Energy Information Administration. That volume is nearly 65% above the 2010 export level, when the U.S. oil boom was still in its infancy.

Big Outflows

U.S. fuel exports to regions from January to July 2013, in millions of barrels per day



Source: WSJ analysis of Energy Information Administration data
The Wall Street Journal

"The bottom line is U.S. refiners are pushing product everywhere," said Francisco Blanch, head of global commodity research at Bank of America Merrill Lynch. "They can. They have a lot to sell."

That's in part because drivers in the U.S. are buying less gasoline, largely thanks to more energy-efficient automobiles and even though the price of gasoline has fallen over the past year to about \$3.35 a gallon, according to AAA, down from \$3.82 a year ago.

"It's a happy confluence of events that our demand has dropped off just as crude oil supplies and demand for products has grown elsewhere," said Ed Hirs, an energy economist at the University of Houston.

Exports to Asia have grown by a third this year, with greater demand coming not just from Japan—a traditional buyer of U.S. fuel—but also from China and India, which have been building up their own refining industries.

Latin America's voracious appetite for U.S. fuel comes from countries like Brazil and Venezuela, which have aging energy infrastructures that can't keep up with demand. Fuel flows to that region rose 5% this year between

January and July to more than 1.6 million barrels a day.

Overseas customers are particularly eager for low-sulfur diesel that meets the stringent air-quality standards that are rolling out across South and Central America and are already law in Europe. U.S. diesel exports surpassed one

EPA proposes slashed market for America's cleanest fuel as observers ask "why?"

Jim Lane | October 15, 2013

For industry observers, there is much that is mystifying in the EPA's draft 2014 production targets for the US 2014 Renewable Fuel Standard.

But nothing more mystifying than the biomass-based diesel numbers.

The Digest reports back from Mandate-Land with answers for your questions.

If there's any fuel that reduces emissions — both of the CO₂ type and the ordinary type that chokes kiddies in the back of the school bus — it's biodiesel. It's sustainable, available, affordable, reliable, green, clean, popular, growing, and has a lot of fans.

Consider the numbers. Ozone — 50 percent less than diesel fuel. Sulfur, sulfur oxides and sulfate emissions — essentially eliminated. Carbon monoxide — 48 percent lower. Particulate Matter — 47 percent lower. Hydrocarbons — 67 percent lower for biodiesel than diesel fuel. Nitrogen Oxide emissions are 10 percent higher. Polycyclic aromatic hydrocarbons — cancer-causing compounds — down 75-85 percent, excepting a 50 percent cut in benzoanthracene, which was reduced by roughly 50 percent. 2-nitrofluorene and 1-nitropyrene down 90 percent.

Result of all those positives? Biodiesel and renewable diesel are on target for 1.6 billion gallons of production this year. And the EPA is proposing that the target next year is 1.28 billion — 20 percent down.

Now, petroleum-exporting nations — we can understand why they might want to protect their market. The fuels may be (comparatively) dirty and (largely) imported, but they make a lot of money for a lot of people.

But, the Environmental Protection Agency? It's a shocker. Not the agency you'd expect to be wielding the last sword, in the last ditch, as a crusader for higher particulate emissions, more cancer-causing compounds at a pump near you, and a bigger market for Venezuelan crude.

Let's review the background on biodiesel and renewable diesel. There's no blend wall in sight, production volumes have been growing fast, prices have been relatively stable, and because it provides a market for soybean oil, it reduces prices for ranchers and poultry farmers who use the soybean meal as animal feed.

Here are answers to your questions regarding biomass-based diesel and the proposed 2014 and 2015 standards.

Q: What is EPA's stated method and target?

A: In the draft EPA document that is floating around the industry — which the Digest has reviewed — the EPA writes that it aims to "Base advanced volume on availability of advanced

Q. Sugarcane ethanol? Does it play a role in EPA's thinking — because of the ethanol blend wall?

A. Ah, grasshopper, you have hit upon it. As the EPA writes on page 25, "if BBD increases and the advanced standard remains unchanged, there is less need for sugarcane ethanol."

An industry observer writes: "one, they are trying to partially satisfy the oil industry on the blend wall (which is a mistake since the RFS was designed to overcome the blend wall not perpetuate it) and two, they are trying to keep Brazilian ethanol out (probably at behest of RFA) but they have screwed the whole program up in doing so."

Q. Is that why the EPA is proposing statutory ranges for every fuel, excepting biomass-based diesel? Even though biomass-based diesel has the widest range in EPA's production forecast?

A. Probably.

Q. Is that why EPA is slashing the most popular biofuel when there is no controversy over it?

A. Probably. But toss in there the possibility that someone at EPA has simply goofed up the numbers, forgetting that biomass-based diesel targets are expressed in gallons, and every other target expressed in RINs (ethanol equivalent gallons). In setting a target of 1.28 billion gallons, it might sound like there is a lot of room for excess production between 1.28 billion gallons and 2.17 billion in the proposed advanced biofuel target — but when you translate 1.28 billion gallons into 1.92-2.10 billion RINs, you see there's almost nothing there.

Q. What would be a reasonable biomass-based diesel standard for 2014 and 2015?

A. 1.7 billion gallons for 2014 and 1.8 billion gallons for 2015, minimally. The industry is already close to that rate.

Q. How would that translate to the 2014 advanced biofuel pool?

A. Something like 2.60 billion RINs.

Q. What would that result in, compared to the 2.17 billion RINs EPA is proposing? More jobs?

A. Yep.

Q. More energy independence?

A. Yep.

Q. Cleaner air?

A. Yep.

Q. Reduced CO2 emissions?

A. Yep.

Q. What does EPA stand for again?

A. Environmental Protection Agency.

Q. Is diesel demand growing in the US?

A. Yep.

Q. Is there a blend wall issue?

A. Nope.

Q. Does anyone in a position to know think those numbers can't be achieved?

A. Nope.

Q. So why doesn't the EPA simply get on with it?

A. Good question. We hope they will.



THE HILL

Follow

Search TheHill.com [Advanced Search Options >](#)

[Home/News](#) | [Campaign](#) | [Business & Lobbying](#) | [Opinion](#) | [Capital Living](#) | [Jobs](#) | [Video](#) | [In The Know](#)

BLOGS | [Briefing Room](#) | [RegWatch](#) | [Hillicon Valley](#) | **[E2-Wire](#)** | [Floor Action](#) | [On The Money](#) | [Healthwatch](#) | [Transportation](#) | [DEFCON Hill](#) | [Global Affairs](#) | [Congress](#)

Enter Email

- [Home](#)
- [Senate](#)
- [House](#)
- [Administration](#)
- [Campaign](#)
- [Polls](#)
- [Business & Lobbying](#)
- [Sunday Talk Shows](#)

BLOGS

- [Briefing Room](#)
- [RegWatch](#)
- [Hillicon Valley](#)
- [E2-Wire](#)**
- [Floor Action](#)
- [On The Money](#)
- [Healthwatch](#)
- [Transportation](#)
- [DEFCON Hill](#)
- [Global Affairs](#)
- [Congress](#)
- [Ballot Box](#)
- [In The Know](#)
- [Pundits](#)
- [Twitter Room](#)

OPINION

- [A.B. Stoddard](#)
- [Brent Budowsky](#)
- [Lanny Davis](#)
- [David Hill](#)
- [Cheri Jacobus](#)
- [Mark Mellman](#)
- [Dick Morris](#)
- [Markos Moulitsas \(Kos\)](#)
- [Robin Bronk](#)
- [Editorials](#)
- [Letters](#)
- [Op-Eds](#)
- [Juan Williams](#)
- [Judd Gregg](#)
- [Christian Heinze](#)
- [Karen Finney](#)
- [John Feehery](#)
- [Bill Press](#)

CAPITAL LIVING

- [Cover Stories](#)



[GO TO THE HILL HOME >](#)

Oil lobby demands Congress repeal renewable fuel standards regulation

By Laura Barron-Lopez - [10/25/13 12:00 PM EST](#)

- COMMENT
- EMAIL
- PRINT
- SHARE

Tweet Like Send

The oil and gas lobby says that the draft proposal of the Environmental Protection Agency's (EPA) biofuel regulation is not good enough.

In a call with reporters on Thursday, the American Petroleum Institute's (API) Bob Greco said Congress must repeal the renewable fuel standards mandate.

A leaked copy of the EPA's proposed fuel standards regulation for 2014 obtained by The Hill shows a shift in favor of the oil and gas industry, leaving many biofuel companies alarmed.

According to the draft, the EPA plans to scale back its mandate for ethanol by roughly 3 billion gallons.

Where the EPA is requiring 13 billion gallons of ethanol be mixed into fuel, the API wants the total to be 12.9 billion gallons, Greco said.

While acknowledging the numbers may not seem drastically different, Greco said, the oil industry needs "wiggle room." Consumers should have the option to choose ethanol-free gasoline, he added.

And if the EPA doesn't finalize the biofuel regulation come late November, as it is required to do by law, the petroleum institute will sue the Obama administration.

"But it's just a draft," Greco said. "The RFS [renewable fuel standard] must be stopped once and for all. We need the EPA to act immediately while we work with Congress to enact a full repeal."

Adding more renewable fuel to gasoline and diesel is not safe for engines and puts consumers in a dire situation, Greco said.

The problem is the "blend wall," Greco explained. Currently, renewable fuel must be blended at 10 percent. Blends that include more than 10 percent of alternative fuels cause problems for vehicles, according to the oil sector.

But biofuel companies say that most cars on the road are approved for even