



AMERICAN PETROLEUM INSTITUTE

Renewable Fuels Standard and E10 Blendwall

E10 Blendwall

The proposed regulations do not address the fundamental problem facing our industry, namely the impending E10 blend wall. There are no easy answers to the E10 blend wall problem. Stakeholders are actively engaged in the problem-solving process to determine the best solution. API is committed to working with EPA and other stakeholders on research into the viability of mid-level ethanol blends.

Recommendations: Government should accelerate its funding of E10+ research. All testing on the full vehicle fleet should be completed before an E10+ waiver decision.

It is unreasonable for EPA to require obligated parties to blend (or to rely on others to blend) more biofuels than can be sold as approved fuel blends for use in suitable vehicles/engines and distributed through approved infrastructure. EPA must ensure that all annual biofuels mandates are, in fact, achievable by regulated entities.

Recommendation: EPA must use the authority granted by Congress to revise the mandated requirements to align with actual capabilities.

Implementation Date

The extremely complex and unprecedented nature of the issues associated with this rulemaking, the length of time needed by EPA to promulgate final regulations, and the time needed for implementation effectively rule out a January 1, 2010 program start date.

Recommendation: API supports a January 1, 2011 start date.

Combining Mandate from One Year with the Next

EPA cannot lawfully combine the 2009 and 2010 bio-based diesel mandates. The mandates were established by the legislation and EPA does not have the discretion to change them.

Recommendation: Do not combine mandates.

Cellulosic Mandate

The agency analysis of the potential volumes of cellulosic biofuels that it expects to be available in 2010 is far too optimistic. There will be very little cellulosic biofuels produced in 2010. API believes that the decision to issue a waiver for the following year should be based on demonstrated (existing continuous operation for at least three months) annual capacity as of the required November 30 notice date. API believes that the mandates for both the advanced biofuels and total renewable fuels should be reduced by the same amount as the cellulosic

biofuels waiver. This will have no material adverse impact on any producing entity and will serve to slow the approach of the E10 blend wall.

Recommendations: Cellulosic waiver should be based a concrete standard, not on subjective projections. The advanced and overall mandates should be reduced by the amount of the cellulosic waiver.