



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
LT GOVERNOR

Administrator Andrew R. Wheeler

Office of the Administrator
Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20004

RE: Docket ID No. EPA-HQ-OAR-2019-0136-0352

Thank you for the opportunity to comment on the proposed supplemental rule designed to address the demand destruction caused by small refinery exemptions. **Leading the nation in biofuels production**, Iowans have a lot at stake with this regulatory action. The renewable fuels industry accounts for more than \$5.3 billion — or about 3 percent — of Iowa's GDP. That translates into **\$2.5 billion in household incomes** and more than **48,000 jobs**.

Each growing season presents our farmers with a unique set of challenges. For many Iowa farmers, this has been one of the **most difficult seasons since 2009**. **Record rainfalls** led to **record flooding** on both the Missouri and Mississippi River sides of Iowa causing delayed planting. Farmers face ongoing **trade uncertainty**. And now, the Renewable Fuel Standard that is intended to protect an important market for corn and soybeans is being undercut by the same government that promised to defend it.

In just three years, the EPA has **waived 4 billion gallons** of biofuels production through the granting of 85 small refinery waivers. That is nearly double the Small Refinery Exemption (SRE) gallons justified by the Department of Energy's projections. In August, **ethanol prices dropped significantly** following the announcement of 31 additional SREs. This put most ethanol plants in the red and dealt another blow to Iowa farmers.

I was proud to support the deal President Trump brokered in the Oval Office on September 12, and left with the understanding that the EPA would reallocate waived gallons based on a **three-year rolling average of actual exemptions**. A week later, I was very disappointed to learn that the EPA had re-interpreted what was agreed to. The proposed rule reallocates gallons based on Department of Energy (DOE) recommendations, not actual waived gallons, which offer **no accountability or transparency**, and may very well fall short of the 15 billion gallon blending commitment. This proposed supplemental rule has created even more uncertainty in the market.

I write today to implore the EPA to consider the **real-world ramifications** of these decisions. These rules have a **real and tangible impact on the people** of Iowa and across the country. Rural communities in Iowa, like Crawfordsville, Emmetsburg, Merrill and Sioux Center, are especially feeling the effects first-hand. These communities have had to endure the shuttering of biofuels facilities, a detrimental blow that is a direct result of the EPA's actions.



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It's not uncommon for the local grain elevator and biofuels facility to be the largest employers in the region, supporting the **livelihoods of hundreds of Midwest families** from the surrounding towns. The

EPA is choosing to **reject the hard data** provided by the actual number of biofuels gallons exempted **in favor of a theoretical calculation** based on subjective recommendations. As a result, **four biofuels**

facilities in Iowa have halted production. Jobs have been lost and families are forced to make hard, life-changing decisions because of the EPA's failure to uphold our President's promise.

Between 2016-2018, the DOE's RVO recommendations only accounted for **57 percent of the actual gallons** exempted by small refinery waivers. The EPA's plan to make calculations based on historically inaccurate projections instead of actual data defies common sense.

Harvest is typically a season of celebration, a time when farmers are rewarded for their hard work and long-hours spent in the fields. But this year, farmers have **fewer options to sell their grain** due to decisions by the EPA, which are compounding already unfavorable market conditions. **This RVO formula does not work in the real-world. Since it was released, the market has shown that it does not work for American families and it shouldn't work for the EPA.**

On behalf of the renewable fuels industry, the people of Iowa and farmers across the Midwest, I am asking the EPA to reverse course. Future SREs must be reallocated based on the **rolling three-year average of actual gallons** waived, instead of projections from the Department of Energy.

I also ask that the final RVO rule must also include language that binds the EPA to use the three-year rolling average of actual gallons waived to account for **all future RVO rules** going forward.

Thank you for the opportunity to comment on this important policy matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds, Governor
State of Iowa