

State of Iowa Comments on the EPA Proposed RFS Volume Obligation Levels: Legal Concerns, Current Data and Perspective from the Heartland

Legal Concerns on the EPA's Action:

The Clean Air Act does not give the EPA the authority to issue a general waiver of the Renewable Fuel Standard in this situation. The law makes it clear that EPA may only issue a general waiver based on a determination that there is "an inadequate domestic supply", not other grounds such as distribution capacity.

**"You know, farming looks
mighty easy when your
plow is a pencil, and you're
a thousand miles from the
corn field."**

--President Dwight Eisenhower

Recent Data and Analysis:

Stakeholders continue to express significant concerns about the EPA's reliance on outdated data and the lack of recent data utilized in compiling the EPA's proposal on RFS volume obligations. The State of Iowa asks the EPA, Office of Management and Budget, and White House officials to analyze data and information provided in the below referenced studies to refine and increase the volume obligation levels:

Study & Analysis by the Center for Agriculture and Rural Development:

Price It and They Will Buy: How E85 Can Break the Blend Wall

http://www.card.iastate.edu/policy_briefs/display.aspx?id=1187

Impact of Sales Constraints and Entry on E85 Demand

http://www.card.iastate.edu/policy_briefs/display.aspx?id=1188

Impact of Increased Ethanol Mandates on Prices at the Pump

<http://www.card.iastate.edu/publications/synopsis.aspx?id=1218>

Feasibility and Cost of Increasing US Ethanol Consumption Beyond E10

http://www.card.iastate.edu/policy_briefs/display.aspx?id=1217

RFS Compliance: Death Spiral or Investment in E85?

http://www.card.iastate.edu/policy_briefs/display.aspx?id=1214

Study & Analysis by Informa Economics Commissioned by the Renewable Fuels Association:

Analysis of Whether the Prices of Renewable Fuel Standard RINs Have Affected Retail Gasoline Prices

http://ethanolrfa.3cdn.net/f1c5dfa9ac9743e9f8_csm6bcb8e.pdf

Study & Analysis by ABF Economics Commissioned by the Iowa Renewable Fuels Association:

Contribution of the Renewable Fuels Industry to the Economy of Iowa

http://ethanolrfa.3cdn.net/94596be2e72251b795_nkm6ii26n.pdf

Study & Analysis by the Department of Agricultural and Consumer Economics, University of Illinois:

EPA Doubles Down on Questionable Reading of the RFS Statute

<http://farmdocdaily.illinois.edu/2015/06/epa-doubles-down-on-questionable-reading-rfs.html>

Comments from the Heartland:

Terry E. Branstad, Governor of Iowa:

“There are many benefits that flow from the Renewable Fuel Standard and the use of biofuels, including: diversifying our nation’s energy portfolio and reducing our dependence on foreign oil, reducing air pollution, giving consumers choices at the pump, and helping grow family incomes in rural America.”

“...biofuels have enabled value-add opportunities for a variety of biostocks including corn, soybeans, woody biomass, and even corn stalks. And, renewable fuels have created high-paying jobs and rewarding careers in rural America.”

“I was governor of Iowa during the farm crisis of the 1980s — a time which brought incredible hardship to farm families and rural communities. I will never, ever, forget the challenges endured during those times — and the last thing that we ever want to see again in our nation is another farm crisis.”

“Critics claim that the RFS has driven more acres into production and increased fertilizer demand. However, the truth is quite the contrary. Fertilizer use has significantly declined in recent decades thanks to improved technology and precision in farming, and total cropland planted to corn in the US in the 1930’s was 103 million acres and in 2013 it was 97 million acres.”

“The use of co-products, such as DDGs are also important to livestock production. Big Oil and its allies refuse to acknowledge this quality, high-protein byproduct goes directly into the food chain. In fact, a modern ethanol refinery produces 17.5 pounds of highly valuable DDGs from one bushel of corn. This has helped increase cattle feeding in Iowa.”

“I urge President Obama, Administrator McCarthy and the EPA to listen to the people of Iowa and the Midwest, and continue to support a robust and strong Renewable Fuel Standard --- as they have in the past.”

Kim Reynolds, Lt. Governor of Iowa:

“We should be continually moving forward to grow the production and use of ethanol, biodiesel and cellulosic biofuels.”

“We cannot afford to have misunderstandings or muddled policies when it comes to the RFS. As citizens, who have seen first-hand the positive impacts that the RFS has had in Rural America, we believe we have an obligation to help educate others.”

“Communities from North Dakota to Nebraska, and from Iowa to Indiana have experienced growth and revitalization thanks, in part, to a thriving agricultural sector.”

“In rural America, supporting the RFS is not a partisan issue. Supporting a strong RFS is good for farmers who add value to their agricultural products. A robust RFS is good for workers in the biofuels industry, including those that have rewarding careers at Iowa’s 42 ethanol plants, 13 biodiesel plants, and agricultural equipment manufacturing facilities and dealers.”

Bill Northey, Secretary, Iowa Department of Agriculture & Land Stewardship:

“Overall, Iowa’s renewable fuels industry has benefited farmers, our rural communities, fuel customers, and the environment, and they would be hurt if the EPA implemented the proposed rule to roll-back the RFS.”

“The oil industry wants to limit the fuel choices for consumers and keep them buying their high-price, non-renewable petroleum based fuels. It is wrong for the EPA to support them.”

Tom Miller, State of Iowa Attorney General:

“It’s clear that Congress intended to establish the RFS to foster increased production of renewable fuels, and waiving the standard would contravene the intent of Congress.”

“If the EPA waived national fuel standards, not because of an inadequate supply of renewable fuel, but rather because of limited distribution capacity of blended fuels, it would be removing the incentives adopted by Congress to foster increased production of renewable fuels and greater energy independence.”

Chuck Grassley, U.S. Senator from Iowa:

“This investment has improved the environment, it's improved the economic well-being of Iowans, it's improved our balance of trade, and our national security.”

“This misguided proposal will cost jobs in Iowa and across the country. If allowed to take effect, it’ll increase our dependence on oil, and protect the stranglehold that Big Oil has on our country’s fuel supply.”

“It’s time for supporters of clean, homegrown, green energy and forward-thinking energy policy to rally and let the Obama administration know that its proposal is short-sighted and irresponsible.”

Joni Ernst, U.S. Senator from Iowa:

“Strong biofuel blending requirements under the RFS encourage innovation in the advanced biofuels sector, increase consumer choice, and drive investment in developing and expanding clean energy alternatives that enhance our rural communities and bolster our Iowa economy.”

David Young, U.S. Representative from Iowa:

“Iowa is a biofuels leader, producing nearly 3.9 billion of ethanol and 227 million gallons of biodiesel in 2014. Iowa also has two next-generation cellulosic ethanol facilities and another coming into production this year. In addition, retailers across the state offer ethanol and biodiesel blends to consumers.”

“The renewable fuel industry has contributed over \$19 billion annually to the Iowa economy and supported over 70,000 high-paying jobs.”

“The RFS has also helped reduce the country’s dependency on foreign oil, promoted cleaner air, and supported domestic industry.”

“The RFS is working. I commend the U.S. Department of Agriculture for supporting renewable fuel infrastructure to ensure that more Americans can benefit from biofuels. I urge the EPA to reexamine the facts, listen to the experts, and adhere to congressional intent for the RFS.”

Steve King, U.S. Representative from Iowa:

“It is disappointing the EPA has decided to lower RFS numbers and make the United States more dependent on foreign sources of energy when we have the means to produce cleaner, greener fuels right here in America.”

“The RFS strengthens our national security by reducing our dependence on foreign oil and expands our domestic energy pie by encouraging the growth of the ethanol industry as a whole. The RFS works and plays a vital role in the economy of rural America.”

Dave Loebsack, U.S. Representative from Iowa:

“I strongly believe the RFS is working and is the right policy for Iowa, our farmers, our rural communities, energy security and independence, advancing the biofuels industry, giving consumers choices, and reducing our greenhouse gas emissions.”

Rod Blum, U.S. Representative from Iowa:

“The RFS remains important to the Iowan agricultural economy, provides an imperative mechanism to provide fuel choices for consumers, and encourages use of a more environmentally friendly domestic energy source.”

“Since the inception of the RFS by an Act of Congress, billions of investment dollars have been utilized from my constituents, regular folks looking to capitalize on a local opportunity. It is important that the federal government honor these commitments made by Congress. It would be greatly unfair to reverse the course on this important policy at this time after so much reliance by my constituents on the law as written and enacted”

Debi Durham, Director, Iowa Economic Development Authority:

“Iowa is the nation’s premier leader in the renewable fuels industry, using its legacy of manufacturing excellence, robust infrastructure and fertile fields to explore biofuels as a way to leverage our homegrown, renewable resources to provide the fuels of today and tomorrow. In fact, the entire Midwest region has seen an increase in family incomes because of the renewable fuels industry and the value-add opportunities that biofuels present for biomass products.”

“Natural resources, coupled with innovation and Iowa ingenuity, has allowed the state’s biorenewables industry cluster to blossom. Iowa’s biofuels industry has added \$13.1 billion to its economy, generated \$2.4 billion in new household income and has created and supports 49,000 jobs.”

“Iowa’s ethanol future looks even brighter as research confirms the success that companies are experiencing converting outputs into co-product lines such as dried distillers grains (DDGs) and corn oil. In 2011, Iowa produced 1.2 billion bushels, the highest amount of all U.S. DDG production which is a key input for Iowa’s cattlemen.”

“Due to Iowa’s strategic leadership in biofuels innovation, we have been able to attract major investments by those in the industry. In the past few years, we have been proud to announce several major biorenewable and cellulosic plant projects in Iowa that will revolutionize biofuel generation.”

Chuck Gipp, Director, Iowa Department of Natural Resources:

“Recent studies have shown that the carbon foot print of corn ethanol continues to shrink while the carbon impacts associated with crude oil production continue to worsen as more marginal crude oil sources are entering the fuel supply.”

“Ethanol reduces greenhouse gas emissions by 40 to 50% when compared directly to traditional gasoline.”

“Ethanol is the cleanest and most affordable source of octane on the market today, displacing toxic aromatics such as benzene and toluene.”

“Cellulosic ethanol promises to reduce greenhouse gas emissions by up to 110% compared to gasoline.”

Paul Trombino III, Director, Iowa Department of Transportation:

“Since Iowa’s beginning, agriculture has been at the backbone of our state’s economy. Our communities, businesses, and transportation infrastructure have all been influenced by the role agriculture plays in this state. In recent years, the growth of the renewable fuels industry has changed the way agriculture impacts our state, further strengthening Iowa’s economy. Global demand for Iowa grown products has increased. Our rural communities have benefited through the creation of good-paying jobs while Iowa universities and research facilities have played an instrumental role in technological advances in the renewable fuels industry.”

“Along with the economic impacts biofuel has had on Iowa’s economy, it’s important to note the impact they’ve had on our environment through improved air quality. Studies have shown that use of higher blends of ethanol and biodiesel burn cleaner, and result in lower particulate matter emissions. These emissions are a major contributor to improved air quality in Iowa.”

“In response to this linkage of improved air quality tied to higher blends of renewable fuels, I’m proud of the partnership between the Iowa Department of Transportation, the Iowa Transportation Commission, the Iowa Department of Agriculture and Land Stewardship (IDALS), the Renewable Fuels Infrastructure Board and the Institute for Transportation (InTrans) at Iowa State University to establish the Fueling our Future program. This is a unique public-private program using \$250,000 of federal Congestion Mitigation and Air Quality improvement funding awarded by the Iowa Transportation Commission to further promote the installment of additional blender pumps through a grant program to retailers.”

Resolution of the Iowa Legislature:

“We urge the United States government to renew its commitment to farmers, lower fuel prices, and the environment by supporting a robust and sustainable renewable fuel standard.”

Nebraska Governor Pete Ricketts:

“Corn ethanol adds jobs and economic growth, strengthens Nebraska’s corn markets, and creates a valuable co-product that enhances our cattle feeding sector. The EPA’s lack of commitment to the RFS is already driving potential investment away from our state. On a trade mission earlier this month, the CEO of a major biofuels company told me that his business previously had interest in expanding in the United States, but that the EPA’s recent proposal to reduce the RFS is a hurdle to future expansion plans.”

North Dakota Governor Jack Dalrymple:

“The pace of installing blender pumps nationwide has been too slow and North Dakota is a good example of what can be accomplished when government and private industry work together.”

Minnesota Governor Mark Dayton:

“Since Congress enacted the RFS in 2005 by huge bipartisan margins, it has provided the secure policy foundation that rural America needs to continue investments in renewable fuels. Those investments yield excellent returns. They diversify our nation’s energy portfolio, clean the air, grow opportunities for businesses, create good paying jobs in rural America, add value to farm products, and give consumers lower-cost choices at the pump.”

Missouri Governor Jay Nixon:

“It is counter-intuitive for the agency that is charged with enforcing the clean air laws, to impose a de-facto limit on ethanol, a product which so clearly admits fewer greenhouse gasses in the atmosphere. So the one agency that should be saying more, is saying less.”

Nebraska Governor Pete Ricketts:

“Corn ethanol adds jobs and economic growth, strengthens Nebraska’s corn markets, and creates a valuable co-product that enhances our cattle feeding sector. The EPA’s lack of commitment to the RFS is already driving potential investment away from our state. On a trade mission earlier this month, the CEO of a major biofuels company told me that his business previously had interest in expanding in the United States, but that the EPA’s recent proposal to reduce the RFS is a hurdle to future expansion plans.”

South Dakota Governor Dennis Daugaard:

“The renewable fuels that are proudly used by consumers across the country, are produced with American-grown corn, soybeans, wood chips and other important biomass resources that are processed through biofuels facilities that employ thousands, all while injecting millions into agribusiness and local economies. More than 400,000 Americans depend on renewable fuels for good-paying jobs that support rewarding careers in our states.”

Indiana Lt. Gov. Sue Ellspermann:

“This proposal is back-tracking on the accomplishments made in the past 10 years.”

“The amount of ethanol cut in the EPA proposal is nearly identical to the 1.3 billion gallons that the 11 ethanol plants in our state produce annually.”

“Since 2007, the RFS and biofuels have been critically important to the success of Hoosier farmers and have been an economic lifeline to rural communities who need this investment and the jobs more than ever.”

Dave Frederickson, Commissioner, Minnesota Department of Agriculture:

“Minnesota is a leader in renewable energy development and the EPA proposal to reduce the RFS will thwart these ongoing efforts to grow homegrown fuels.”

Ted McKinney, Indiana Department of Agriculture:

“The production of biofuels throughout the United States is a crucial issue, not only to those in agriculture, but to all concerned with building a renewable energy portfolio and a stronger economy.”

Lucas Lentsch, Secretary, South Dakota Department of Agriculture:

“Recently, a study commissioned by the South Dakota Ethanol Producers Association evaluating the economic impact of the ethanol industry in 2012 to the state of South Dakota was published...Key findings include the following: The sale of ethanol and dried distillers grains in 2012 was approximately \$3 billion, which is a 441% increase since 2004; The industry contributes \$214.9 million in direct value added to the state economy; The indirect business tax revenue generated by the ethanol industry in 2012 was approximately \$19 million.”

Greg Ibach, Director, Nebraska Department of Agriculture:

“This adulteration of policy without meeting the justifications built into the legislation devalues decades of research and development and creates question marks for our rural communities who have embraced their role in aiding the U.S. energy portfolio.”

Hannah Borg, FFA and 4-H Member & Nebraska Farmer:

“The Renewable Fuel Standard is a commitment that Congress made to America and to our youth like myself -- a commitment to develop our own domestic renewable fuel supply, grow rural economies and provide jobs... Now is not the time to reduce the Renewable Fuel Standard and jeopardize my future and the future of generations to come.”

Gary Porter, corn and cattle farmer from Mercer, Missouri & Board Member of the Missouri Corn Growers Association:

“Consumers want and deserve cleaner, renewable options at the pump. Demand is already growing for additional options. Our station is a great example. In just over a year, we have increased sales from 8,000 gallons per month, to more than 60,000 gallons per month. Why? Because we are providing multiple options for each driver who chooses our station to fill up. In addition to diesel pumps, our station has implemented blender pumps allowing us to offer unleaded fuel, E20, E30, and E85.”

Todd Hays, VP of the Missouri Farm Bureau Federation:

“It is also about our rural economy. In 2011, more than \$1.1 billion in economic output was attributed to biofuel production in Missouri. Tax revenues totaling \$15 million were paid to state and local governments.”

Adam Schubert, Strategy and Regulatory Affairs Manager of Butamax Advanced Biofuels:

“The proposal completely fails to reflect the demand growth in E85 that the RIN mechanism in the RFS enables, as demonstrated in 2013. While EPA notes the importance of E85 pricing, in setting the RVO as proposed, EPA would disable the very mechanism designed to allow the market to set this price appropriately.”

“By accepting E10 as a fundamental limit, the proposed rule disables the RIN mechanism that was specifically created to enable market forces to overcome this issue. An effective RIN mechanism is absolutely essential to enable drop-in biofuels to compete in the market.”

Craig Hill, President of the Iowa Farm Bureau Federation:

“Using biofuels has major environmental benefits and provides up to a 50% reduction in greenhouse gas emissions. Biodiesel has the potential of 80% carbon emissions reduction. And, of course, ethanol is a very sustainable octane source.”

Dr. Donald A. Heck, Director of the Iowa Central Fuel Testing Laboratory:

“As the Director of our laboratory, I feel I have some authority to speak on the quality of the fuel samples that are submitted to our facility for analysis, and by extension, the quality of renewable fuels in general. Samples that we receive from

regular production companies routinely meet or exceed quality standards set in place for ethanol and biodiesel.”

Dennis Gengenbach, Nebraska Farmer:

“A recent study by the Nebraska Department of Labor found that an ethanol plant employee earns, on average, \$19,000 per year more than an employee of other Nebraska industries. The proposed change to the Renewable Fuel Standard will reduce the number of jobs in Nebraska.”

John Pieper, DuPont Cellulosic Ethanol:

“A change in this bedrock policy will ensure that investors and entrepreneurs will step back and wait to see what the new policy will do. And while they do that, they take their investments elsewhere.”

Mike Shuter, Indiana Farmer:

“I lived through the 1980’s and I don’t want to see us go through that again,” he says. “That’s what scares me the most about what’s happening here is this thing triggering something like what happened in the 80’s that sent us into a farm crisis.”

Craig Hill, President, Iowa Farm Bureau:

"Biofuels have added nearly 9% to Iowa's GDP and added 83,000 people to our workforce. While these impressive benefits accrued here and across the country, the contributions of biofuels go far beyond."

"If a blend wall exists, it is the creation of EPA and the monopolistic oil companies that control distribution. The real point is the RFS is garnering attention today because it is working - predictably and successfully - and Big Oil doesn't want to lose a share of the market."

Brad Nelson, Minnesota Farmer:

“Since gaining access to the nation’s fuel market, Ethanol has been a big part of cleaning the air. Have you forgotten? The Twin Cities metro area had smog alerts in the days before ethanol began blending into the fuel market. You could come up I35 and see the smog bank over the city as you headed north. Now with much higher traffic volumes cleaner cars and cleaner fuel that isn’t readily apparent.”

“The oil companies have been complaining about RIN costs. All they have to do is blend more ethanol. It is the cheaper alternative. E15 is proven and approved in all 2001 and newer cars which is 80% of the fleet. That is a choice that can be made by them and by the consumers they market to.”

Dr. Tim Gibbons, U.S. Army (Ret.) of Mason City, Iowa:

"The Iraqi War is over now. Ten years later, we have paid a heavy toll to stabilize the free flow of oil. Over that same time period I am unaware of a single casualty caused by the production of ethanol. I am unaware of a single service man who committed suicide after deployment due to renewable fuels. I am unaware of a prosthetic limb or a wheelchair being fitted for renewable fuels."

Pam Johnson, Family Farmer from Floyd, Iowa & Chairwoman of the National Corn Growers Association:

"In the past, the RFS had provided some certainty that there will be a viable commodity market—but EPA's proposed rule eliminates this certainty," she explained. "We ask that the EPA stay the course and support the RFS and reconsider the proposed reductions of the 2014 renewable volume obligations."

Mark Gross, Family Farmer from Bridgewater, South Dakota & Current President of the South Dakota Corn Growers Association:

"The RFS has spelled success for not just rural communities, but also our farm families. If you were to tour farms across South Dakota these past few years, you would've witnessed young people coming back, something that was not taking place in the 80's and 90's when corn was regularly being sold below the cost of production. Those types of market conditions are not sustainable, neither was the increasing average age of the American farmer."

"The Renewable Fuel Standard is working and has been triumphant on so many levels, including our farms, rural economies, gas prices, energy security and even the air we breathe. On behalf of South Dakota's corn farmers, I ask that you please reconsider your proposal to reduce the Renewable Fuel Standard levels, retaining the volumetric requirements, which were set by law."

Jeff Briggs, Green Plains Energy:

"I would ask, 'how does a county like Brazil, where they drive the same Fords, Chevys and Toyotas that we do blend 25 percent ethanol in their motor fuel, and have for over a decade, while the U.S. cannot get past 10 percent?' The answer is Big Oil's death grip on the U.S. consumer."

Monte Shaw, Executive Director, Iowa Renewable Fuels Program:

"Renewable fuels lower gasoline prices. Go to any pump in the state and you'll see E10 selling for 20 to 30 cents less than the E0, no ethanol, option at the same octane level. And I have seen E85 for sale in the last week 80 cents to one dollar under E0. Iowa blenders are taking the renewable identification number (RIN) – that's the credits bought and sold to ensure compliance with the RFS -- and the blenders are passing the RINs through to the consumers, thereby lowering the cost of fuel."

“From the day the proposed rule was leaked, the price of corn has gone down. And down. American farmers fought through tough weather and hauled in the largest corn crop in US history. And the price went down. In fact, most farmers I talk with say the current price of corn is below the typical cost of production.”

“Iowa has 34 registered E15 retailers, 89 blender pump locations and about 200 E85 stations.”

“What do these Iowa retail stations have in common? In each case the station is selling more ethanol than is required under the original 2014 RFS law. In other words, the proof is clear that we do not have a situation where you can’t sell enough ethanol to meet the law. We have a situation where it is simply not being offered to consumers. And the oil industry is actively working to build a bogus blend wall with branded contract restrictions and fuel supply prohibitions.”

Gary Eischeid, General Manager for POET Biorefining in Gowrie, Iowa:

“Ag producers likewise have invested heavily in Iowa ethanol. They have reaped the benefits of increased corn demand. The RFS has added between \$0.90-\$3.60 of added income on a per acre basis to the bottom line of an Iowa farmer.”

Bill Bluml, Commodity Manager at POET Biorefining in Gowrie, Iowa:

“If you take 38 million bushels and add an average of \$0.25 per bushel to the price of those bushels, you have added \$9.5 million to the local economy. And that is in just one county.”

Keven Monroe, General Manager at POET Biorefining in Jewell, Iowa:

“With second-generation biofuels on the horizon, the EPA’s proposal would strand billions of dollars of this private investment and would halt any future progress. It would also result in more than a 500 million bushel drop in corn demand and threaten many of the jobs the ethanol industry supports.”

Tom Hitchcock, CEO of Redfield Energy in Redfield, South Dakota:

“As a member of the South Dakota Ethanol Producers Association, we have sponsored billboards along the interstate highway near our state’s two largest cities. The billboards say it all-with a U.S. soldier in the background the sign says, “I don’t have to fight for cornfields. Use ethanol.””

Andy Heggenstaller, PhD, Agronomy Research Manager at DuPont Pioneer:

“First, cellulosic biofuels can greatly increase ethanol supply with little or no effect on how land is allocated for food production... With tremendous speed, we have innovated cellulosic biofuel technology to the point we are now bringing on line a

next generation cellulosic ethanol facility in Nevada, Iowa. This facility, scheduled to open in the 2nd half of 2014, will produce 30MGPY of ethanol from corn stover: the stalks, leaves, and cobs left behind after corn is harvested.”

Kelly Hansen, General Manager at POET Biorefining in Hanlontown, Iowa:

“...the renewable fuels industry has added \$12.9 billion of income to the pockets of Iowans over the past decade, and has also generated \$1.8 billion of tax revenue for Iowa.”

Grant Menke, Policy Director-Iowa Renewable Fuels Association:

“Iowa epitomizes the success of higher biodiesel blends. Since the RFS was expanded in 2010, Iowa’s total biodiesel sales have quadrupled, largely as a result of the average biodiesel blend level skyrocketing from 3.1 percent to 9.4 percent. This remarkable growth in the availability and use of higher biodiesel blends in Iowa is just one of many compelling reasons that EPA can and should increase its proposed biomass-based diesel volumes for 2016 and 2017 to at least 2 billion and 2.3 billion gallons respectively.”

Lucy Norton, Managing Director-Iowa Renewable Fuels Association:

“Iowa retailers have been successful with E15 and have seen the more environmentally-friendly fuel make up nearly 50 percent of their total fuel sales. The fact that EPA failed to grant a vapor pressure waiver for E15 prevents its sale during the summer, causing E15 sales to plummet during this period. If EPA simply equalized the vapor pressure treatment of E15 and E10, they can make the most successful energy policy to date, the RFS, even more widely successful in achieving its energy security, economic and environmental goals.”

Kelly Manning, Vice President of Development for Growth Energy:

“According to analysis by Louisiana State University, ethanol has reduced consumer gasoline prices by \$0.78 per gallon-over \$100 billion in savings for American drivers annually.”

Dave Sovereign, President of Cresco Fast Stop-Cresco in Cresco, Iowa:

“In April 2013 we began receiving our E85 fuel direct from a local bio refinery which allowed us to pass the benefit of the resulting RIN sales through to our customers generating savings of \$1 or more per gallon of fuel. For 2013 this single station generated through its sales of ethanol blends a savings to motorists of over \$70,000 over conventional fuels.”

Myron Danzer, General Manager of two biodiesel refineries for the Renewable Energy Group:

“Biodiesel has proven itself with increased production, increased efficiencies, and an increased environmental benefit...Biodiesel is not part of the problem. It is a part of the solution.”

Bill Couser, Couser Cattle Company in Nevada, Iowa:

“Let me do my job with the access to a free market and continue to grow and raise our families in my local community.”

Walter Wendland, President & CEO of Golden Grain Energy & Homeland Energy Solutions:

“With all of the recent discussion in the news about how minimum wage should be a living wage, let’s remember that raising America’s food, feed, and fuel should also provide a living for those who dedicate their lives to it. Agriculture does not want to go back to the way of the 1980s, but without the stabilizing effect of the RFS it could happen.”

Tyler Schwarck, Absolute Energy, LLC:

“When RINS hit record prices earlier this year, Absolute Energy and other ethanol facilities pioneered a plan to pass those RINS costs onto the consumer. We at Absolute Energy blend E85 and ship it directly to the retailers. We keep the RINS on those gallons, and discount the E85 by the value of the RINS and then sell the RINS onto the consumer. This idea is twofold: the consumer saves money which then increases sales and introduces more gallons to the market.”

Charlie Kollasch, Farmers from Algona, Iowa:

“Ethanol has played a big part in the increased value in corn, creating a large demand that has helped the American Farmer NOT to be dependent on subsidies.”

Kevin Stumpf, Owner/Operator of Stumpf Family Farms LLC

“I can take one bushel of my corn to the ethanol plant and in turn, produce 17 pounds of high-protein animal feed in addition to almost 3 gallons of ethanol.”

Troy Gibbs, Production Manager at Western Dubuque Biodiesel in Farley, Iowa:

“Biodiesel is one of the most diverse fuels in the world, produced using a broad mix of resources including recycled cooking oil, agricultural oils and animal fats. This has helped shape a nimble industry that is constantly searching for new technologies and feedstocks.”

Jay Byers, CEO of the Greater Des Moines Partnership:

“Based on the size of the renewable fuels industry at year-end 2012, ethanol and biodiesel accounts for nearly \$5.5 billion, or four percent of Iowa’s Gross Domestic

Product, generates \$4 billion of income for Iowa households, and supports nearly 60,000 jobs throughout the entire Iowa economy.”

Appendices -- Further Information:

- I.** Prepared comments by Governor Branstad at EPA’s RFS Hearing in Kansas City, Kansas
- II.** Delivered comments by Lt. Governor Kim Reynolds for the EPA’s Hearing in Kansas City, Kansas
- III.** Prepared comments by Secretary Bill Northey at the EPA’s RFS Hearing in Kansas City, Kansas
- IV.** Resolutions from the Iowa Legislature calling for robust RFS volume obligation levels
- V.** Letter from State of Iowa Leaders Regarding Application to the USDA Biofuels Infrastructure Program

Appendix I

Prepared comments by Governor Branstad at EPA's RFS Hearing in Kansas City, Kansas

Good morning, my name is Terry Branstad and I'm honored to serve the people of Iowa as their Governor. On August 15, 2013, I welcomed EPA Administrator, Gina McCarthy, to Iowa at the state fair, and discussed with her the importance of the Renewable Fuel Standard, or RFS, to our state.

That day:

- the price of corn was \$6.00 per bushel;
- but now it has fallen to \$3.38 a bushel, well below the cost of production, and
- Iowa farmland prices dropped 15 percent last year,
- and USDA estimates that farm income will decline 32 percent this year.

Since that time, I have participated in numerous meetings focused on the importance of a robust RFS to a healthy economy in rural America. For example, in January of 2014, Lt. Governor Kim Reynolds, Iowa Agriculture Secretary Bill Northey, Members of the Iowa congressional delegation, and I hosted interested citizens from across Midwest and from both political parties for a "Hearing in the Heartland".

During that open public hearing, 83 individuals testified in support of a robust RFS and only 2 people testified in favor of scaling back the RFS.

I had hoped to welcome you all to Iowa for today's hearing, but appreciate that you have at least chosen a Midwest venue outside the Beltway and further from the reach of Big Oil's army of well-paid lobbyists.

I've been a relentless supporter of biofuels dating back to the 1970s, when we called it "gas-a-hol".

It's truly incredible to see how the industry has grown and provides diverse benefits to farmers, rural communities, and workers.

With a state that has over 92,000 farmers, dozens of thriving international agri-business companies, and a large variety of bio-science leaders, it's easy to see that the growth is a result of the hard work and innovation of our farmers and the technological advancement in the use of corn, soybeans and other biomass products.

There are many benefits that flow from the RFS and the use of biofuels, including:

- Diversifying our nation's energy portfolio and reducing our dependence on overseas oil,
- Reducing transportation fuel emissions,

- Giving consumers choices at the pump, and
- Helping grow family incomes in rural America.

In fact, biofuels have enabled value-add opportunities for a variety of biostocks including corn, corn stalks, soybeans, and woody biomass. And, renewable fuels have created high-paying jobs and rewarding careers in rural America.

In the current RFS proposal, I recognize that EPA has made some changes. For example, there are some encouraging changes to allow for increased volumes of biodiesel.

Unfortunately, on the ethanol front, the agency seems to have bought Big Oil's faulty arguments -- hook, line, and sinker. Big Oil has polluted the discourse with half-truths and a narrative that rewards their bad behavior of blocking market access for renewables.

The EPA's indecision the last two years, led to market uncertainty that hurt farmers and froze investment in next generation technology. My hope is that the EPA is open to improving the proposal much further and meeting the original congressional intent of significantly expanding the use of biofuels throughout the country.

The EPA has a choice – protect the deep pockets of Big Oil and their monopolistic practices or nurture consumer choice, renewable energy growth and a healthy rural economy.

Unless you advance a robust RFS, you will constrain growth in the rural economy, negatively impacting family farms, agri-business and the biofuels industries, and the citizens and businesses that are part of our nation's rural fabric.

The proposed rule by the EPA would have a direct impact on the 42 Iowa ethanol plants and 13 Iowa biodiesel plants and the scores of facilities across the Midwest.

It is estimated that this single EPA proposal would cost thousands of jobs nationally. That's thousands of families who would face undue financial hardship and stress.

The EPA's indecision and proposed rules have negatively impacted land prices, farm machinery manufacturers, and rippled throughout rural America.

I was Governor of Iowa during the Farm Crisis of the 1980s, a time which brought incredible hardship to farm families and rural communities. I will never forget the challenges endured during those times and it is not an experience I want to revisit.

After decades of efforts to reduce dependence on foreign oil, give consumers choices at the pump, and increase family incomes, the EPA's revised proposal would halt further progress.

I find it ironic that Big Oil often attacks renewable fuels on environmental grounds through misinformation and half-truths - this from the same industry that was responsible for the MTBE debacle, the 1989 Exxon Valdez, and the 2010 Deepwater Horizon oil spills.

I hope that the EPA will use some good Midwest common-sense and continue the progress made since 2005.

The use of co-products, such as DDGs, are also important to the growth of agriculture. DDGs are an excellent source of protein for cattle and other livestock and have resulted in significant growth in cattle feeding in the Midwest.

States, including Iowa, and the Federal government are providing incentives for investment in renewable fuel infrastructure. Growth in E15, E85, and blender pumps, can help achieve the important goals set by the RFS. And we are exploring how we might be able to expand those efforts via the recently announced USDA infrastructure initiative.

Retailers in Iowa know the importance of biofuels to our state and have installed blender pumps, which result in higher octane and lower cost ethanol-blended fuels for consumers.

In Iowa, E85 is nearly one dollar cheaper than regular gasoline. When consumers have the choice, as they do in Iowa, they choose ethanol and other biofuels.

The oil companies are preventing some of these efforts in other parts of the country and consumers are forced to pay more for fuel.

In the last 18 months, there have been encouraging studies and data provided that I believe gives the EPA an opportunity to refine their approach. Including:

- Data that shows that there is more capacity to integrate biofuels into our nation's fuel supply, and
- Data that shows that RIN activity did not affect prices at the pump.

I look forward to hearing from fellow Midwesterners who embrace choices at the pump and a robust RFS. The EPA's decision will affect the lives of many Iowans, Midwesterners and consumers nationwide. I hope that the EPA shows Midwesterners that the Federal Government has not abandoned its commitment to a robust RFS and revitalizing rural America.

I am hand-delivering letters from Lt. Governor Kim Reynolds and the Iowa congressional delegation – both Republicans and Democrats – as they join me in urging President Obama and Administrator McCarthy to alter the EPA proposal to support a more robust and effective RFS, as they have in the past.

Thank you for the opportunity to present.

Appendix II

Delivered comments by Lt. Governor Kim Reynolds for the EPA's Hearing in Kansas City, Kansas

Thank you for the opportunity to provide input on the EPA's recent Renewable Fuels Standard (RFS) volume obligation levels proposal. As Lieutenant Governor of Iowa, I strongly believe in the importance of a robust RFS to a healthy Iowa and Midwestern economy. That belief is based upon the proven policy benefits of having a strong RFS, including:

- Diversifying our nation's energy portfolio;
- Reducing our reliance on overseas oil;
- Giving consumers lower cost and higher octane choices at the fuel pump;
- Raising family incomes; and
- Driving growth in rural America.

The RFS is an important factor for a vibrant and revitalized rural economy. In 2014, almost 84,000 American jobs were directly attributed to the renewable fuels industry and over 295,000 jobs can be indirectly attributed to the renewable fuels industry.¹

These jobs provide hard-working individuals with career opportunities to support their families and rural communities. According to Renewable Fuels Association, the ethanol industry added \$53 billion to America's GDP in 2014.² These are important jobs that cannot be lost and livelihoods which would be difficult to replace in rural America.

Americans deserve to have the higher paying jobs and rewarding careers that exist in the biofuels industry. Policy makers should be seeking opportunities to grow the production and use of ethanol, biodiesel and cellulosic fuels rather than going backwards.

Since being sworn into office, I have partnered with the Governor to focus on revitalizing our economy, creating good jobs and growing family incomes. At that time, Iowa's unemployment rate was 6.1 percent. Now, I am proud to say that Iowa's unemployment is currently at 3.8 percent, the fifth lowest in the country.³ But, I am confident our state would be doing even better if the EPA had not driven uncertainty into the biofuels industry and the agricultural sector more broadly.

The oil industry has a long history of throwing up barriers to competition in the transportation fuels market. Their actions have resulted in consumers being unfairly hurt. In addition, Big Oil has a long history of sharing half-truths about biofuels. For example, they often claim a food price impact exists, even though it has been disproven.

¹ Renewable Fuels Association, <http://www.ethanolrfa.org/pages/ethanol-facts-economy>

² Renewable Fuels Association, <http://www.ethanolrfa.org/pages/ethanol-facts-economy>

³ Iowa Workforce Development, <http://www.iowaworkforce.org/news/XcNewsPlus.asp?articleid=81&cmd=view>

They also ignore the fact that dried distillers grains – an important ethanol byproduct – provide an important protein input for Midwest livestock production, particularly for the cattle industry. In fact, a modern dry-mill ethanol refinery produces 17.5 pounds of highly valuable DDGs from one bushel of corn.⁴ Let's hope that the EPA does not take Big Oil's bait. Instead, I encourage the agency to renew its commitment to significantly growing the RFS.

In rural America, supporting the RFS is not a partisan issue. Supporting a strong RFS is good for farmers who add value to their agricultural products. A robust RFS is good for workers in the biofuels industry, including those that have rewarding careers at Iowa's 42 ethanol plants, 13 biodiesel plants, and agricultural equipment manufacturing facilities and dealers.

As stated earlier, a robust RFS helps diversify our energy portfolio and reduces transportation emissions. A strong RFS helps give consumers more choices at the fuel pump. Quite simply, a robust RFS is good for a healthy economy in rural America and consumers nationwide.

For all those reasons, I have actively participated in several events to highlight the importance of the RFS to a healthy economy in America. In fact, the strong bipartisan support across Iowa is a clear signal of the critical nature for growing the RFS volume obligation levels.

In Iowa, we work hard to recruit companies to locate or expand in our state. We have seen over \$11 billion dollars in private investment.⁵ Many of these projects are directly tied to our leadership in renewable fuels and agriculture, such as CJ Bio America, which is co-located at the Cargill facility in Ft. Dodge, and the Valent Bio Science Facility in Osage.

Iowa is currently working on submitting a competitive proposal for the USDA Biofuel Infrastructure Grant to increase our renewable fuels infrastructure to supplement state dollars already going into such efforts. Iowans want to have a choice at the pump and we plan to continue to make investments to make that possible.

In closing, I appreciate that the EPA did make some changes from the original proposal in 2013. For example, I understand that you made some improvements to the biodiesel volume levels. However, the rest of the proposal seems to fall far short of the changes needed to advance the production and use of biofuels in a meaningful way.

Iowans know the importance of a strong Renewable Fuels Standard and we hope the multitude of testimonies today convince you of its importance as well.

Thank you again for the chance to share this testimony with you today.

⁴ United Wisconsin Grain Producers, <http://www.uwgp.com/pages/custom.php?id=36954>

⁵ Iowa Economic Development Authority, http://www.iowaeconomicdevelopment.com/userdocs/documents/ieda/Biorenewables_FS_022015.pdf

Appendix III

Prepared comments by Secretary Bill Northey at the EPA's RFS Hearing in Kansas City, Kansas

I'm Bill Northey, Secretary of Agriculture in Iowa. Thank you for the opportunity to speak with you today.

Since its inception, EPA's mission has been to work for a cleaner, healthier environment for the American people."

Administrator McCarthy, prior to becoming the head of the EPA, led the Office of Air and Radiation where she was responsible for, among other things, improving air quality and energy efficiency, and specifically pollution from vehicles and engines.

So, it baffles me why we are here today to try and convince this agency to meet their mission. It baffles me why an Administrator of the EPA who has an extensive background in air quality and energy efficiency would slow progress on those efforts.

It baffles me why Big Oil and special interests are allowed to continue to obstruct and misinform - threatening jobs in the heartland of America, reduced economic activity, increased greenhouse gas emissions, and increased dependency on foreign oil.

It baffles me how the EPA can claim constraints in supply of biofuels and limitations in the volume of ethanol that can be used when they alone control most of those limitations.

I'm baffled because the choice is so clear. If you stand by your mission of a "cleaner, healthier environment for the American people" – then why not produce more renewable fuels?

If it is, as the EPA claims, the availability of renewable fuels and factors that constrain the supply of those fuels, then the EPA should grant the common-sense RVP 1 pound waiver which would allow E-15 to be accessible year-round.

If it is, as the EPA claims, the ability of the market to respond to the production and infrastructure needs, then the EPA should listen to the hundreds of people testifying today that are ready to meet that challenge.

EPA should also recognize the impact of the uncertainty they caused through their indecision resulting in freezing growth and investment in renewable fuels production infrastructure.

In 2005, Congress set forth an achievable goal of 36 billion gallons of renewable fuels in 2022. The Whitehouse website states "Biofuels are a key component of President Obama's all-of-the-above energy strategy and play an important role in reducing America's dependence on foreign oil."

Congress and the President agree on the importance of an aggressive energy policy that results in a cleaner environment and more American produced energy, yet through the EPA's inaction they

have slowed this progress and now, with the newly proposed levels, our country would take a step back in those efforts.

I stand here today representing thousands of Iowa farmers who produce the crops used to make renewable fuels; thousands of livestock farmers who feed high quality DDGs, the 62,000 Iowans with jobs connected to renewable fuels, and communities across Iowa that benefit from the production of renewable fuels – fuels that provide jobs for Americans, revitalize our rural communities, and reduce greenhouse gas emissions.

Please don't underestimate the ingenuity and determination of our hard-working people. If EPA removes regulatory uncertainty and clears the way for expansion, I believe that the renewable fuels industry will meet the RFS volumes established by Congress.

A robust RFS will economically benefit consumers, communities and farmers – all while resulting in a cleaner, healthier environment for the American people.

Thank you.

Appendix IV

Resolutions from the Iowa Legislature calling for robust RFS volume obligation levels

Unanimous resolutions from the Iowa General Assembly supporting a robust RFS can be found at:

Iowa Senate: <http://coolice.legis.iowa.gov/Cool-ICE/default.asp?Category=billinfo&Service=Billbook&frame=1&GA=85&hbill=SR101>

Iowa House: <https://legiscan.com/IA/text/HR101/id/919491>

Appendix V

Letter from State of Iowa Leaders Regarding Application to the USDA Biofuels Infrastructure Program

July 14, 2015

The Honorable Tom Vilsack
Secretary, U.S. Department of Agriculture (USDA)
1400 Independence Avenue, S.W.
Washington, DC 20250

Ms. Kelly Novak
Energy Program Specialist, USDA
1400 Independence Avenue, S.W.
Washington, DC 20250

Dear Secretary Vilsack and Ms. Novak:

As State of Iowa leaders, we are pleased to provide this letter of support for the application of the Iowa Department of Transportation (IDOT) and its partner agencies, the Iowa Department of Agriculture and Land Stewardship and Iowa Economic Development Authority for funding under the U.S. Department of Agriculture Biofuel Infrastructure Partnership (BIP) Grant (USDA-FSA-2015-22). Iowa is long-time leader in the production and use of biofuels and we view this grant as an important opportunity to expand access to renewable fuels in the State of Iowa and for consumers who traverse our state.

We fully support the proposed cross-agency effort aimed at accelerating Iowa's accommodation of consumer preferences for broader choices and availabilities of higher blends of ethanol. These expanded choices are known to lower costs for the consuming public, provide specific air quality benefits, provide value add market opportunities to agricultural products, and enhance our nation's energy security. Iowa has already made a strong commitment to the renewable fuels market at the state level through a suite of supportive state policies, including the Iowa Renewable Fuels Infrastructure Program (RFIP), and the goals of the USDA funding opportunity align well with our state's priorities.

We are encouraged that this application will:

- Incentivize fueling station owners in the rapid expansion of public access to ethanol blends that otherwise would not have occurred without this federal investment;
- Assist a variety of fueling station owners and geographical areas with the greatest potential demand, needs, and opportunities for increased use of ethanol blends;
- Increase use of E85 and mid-level blends amongst Flex Fuel Vehicle owners;
- Increase use of E15 amongst owners of Model Year 2001 and newer vehicles; and
- Expand research activities and public education to maximize consumers' use of ethanol.

This program will take a data-driven approach to bolster renewable fuel infrastructure in areas of high impact and the state and private sector commitments will enable a 1 to 1 match, which greatly exceeds the minimum non-federal cost share requirement of 25%. Iowa has continually demonstrated its commitment to biofuels, which underscores our ability to fulfill the commitments in this grant. For example, ethanol

availability has been incentivized by the State of Iowa through the tax credits for the sale of ethanol and RFIP for infrastructure. The RFIP has invested over \$21 million through the program to date but has leveraged in excess of \$30 million from fuel marketers to fund their own upgrading efforts. The State of Iowa plans to structure this new program with federal dollars to generate a greatly increased level of interest for installing ethanol tanks and pumps.

The smooth implementation of the Iowa application is supported by:

- Leveraging diverse stakeholder support in the administration of the grant – both outside and inside government – including the State's most senior elected and appointed officials;
- Adding to the existing operational framework of the Iowa Renewable Fuels Infrastructure Program, which significantly reduces operational risk, and
- Replicating and adding to proven marketing and evaluation approaches.

A new BIP-supported program, as outlined in the State of Iowa proposal, would increase blender pumps and E85 stations in Iowa by over 50%. Iowa's existing program has demonstrated that over 75% of the ethanol projects previously funded are blender pumps; therefore, we are confident this prioritization will continue. We believe that the resulting impacts of this project will facilitate further growth in the biofuel economy and strengthen Iowa's ability to serve as a leader in this important effort. As the nation's number one ethanol producer, our state has a strong history of dedication and success in bringing this home-grown fuel into the marketplace. Iowa is well-positioned to expedite the development of ethanol infrastructure as USDA's funding seeks to achieve.

We appreciate your consideration of our application and we look forward to our future work together to build out renewable fuel infrastructure to empower individuals with choices at the pump.

Sincerely,

SIGNED BY:

Terry E. Branstad
Governor of Iowa

Kim Reynolds
Lt. Governor of Iowa

Bill Northey
Iowa Secretary of Agriculture

Debi Durham
Director, Iowa Economic
Development Authority

Paul Trombino
Director, Iowa Department

Chuck Gipp
Director, Iowa Department