Congress of the United States

Washington, DC 20515

July 10, 2024

The Honorable Michael S. Regan Administrator Environmental Protection Agency Office of the Administrator 1200 Pennsylvania Avenue, N.W. Washington, DC 20460

Dear Administrator Regan,

We appreciate your efforts to support the integrity of the Renewable Fuel Standard (RFS), including the agency's decision to uphold standards set last June. ¹ A strong RFS is critical to support clean energy policy and advance American energy security interests. As the Environmental Protection Agency considers Renewable Volume Obligations for 2026, we encourage you to support volumes for biomass-based diesel and advanced biofuels that fully account for availability and production capacity, while providing an equivalent increase for overall renewable fuel volumes.

Increasing the production, availability, and use of advanced biofuels is crucial to meeting America's decarbonization goals in the transportation sector and shoring up our domestic energy supply chain. Producing advanced biofuels in the United States promotes economic opportunities for communities across the country and increases market access for our nation's farmers. A strong RFS and availability of homegrown agricultural feedstocks are crucial to meeting the nation's goal for new advanced biofuels for sustainable aviation (SAF), maritime, rail, home heating, and off-road heavy-duty markets. To meet near-term decarbonization goals, these new markets rely on the RFS to drive growth and increase the availability of advanced biofuels.

The RFS volumes your agency set last June for 2023-2025 are the highest in history, but it is increasingly apparent that they should have been set significantly higher across the board to reflect our country's increased production capacity for biomass-based diesel and advanced biofuels. As the Energy Information Administration noted last fall, "the RVOs for biomass-based diesel and advanced biofuel were set significantly lower than production trends."² This triggered a collapse in the value of RFS credits, or Renewable Identification Numbers, that continues to stifle the growth of critical renewable fuels markets today.³

¹ EPA, <u>Denial of AFPM Petition for Partial Waiver of 2023 Cellulosic Biofuel Standard, Appendix A</u>, March 2022. ² <u>Market prices for Renewable Fuel Standard credits are falling - U.S. Energy Information Administration (EIA)</u>.

Oct. 24, 2023.

³ S&P Global, "<u>US RINs complex collapses in 2023/24, driven by oversupplied biomass-based diesel market</u>," Feb. 1, 2024.

Domestic fuel production facilities are closing as a result, putting Americans out of work and disrupting local economies.⁴ This negative signal to renewable fuel producers threatens billions of dollars of investment in feedstock and fuel production, including for sustainable aviation fuel.⁵ Importantly, America is missing out on the carbon reduction opportunities delivered by advanced biofuels. The RFS requires biomass-based diesel and other advanced biofuels to reduce emissions by at least 50%. In practice, biomass-based diesel reduces carbon emissions by more than 70% on average.⁶

Increased production and availability of renewable fuel will provide a direct benefit to consumers both at the pump and at the grocery checkout. It would also support farm sector income, which USDA is projecting to fall while the input costs of producing food, fuel and other agricultural products increases.⁷ It is important now more than ever that we identify and promote opportunities that lower costs for consumers and support economic growth in rural communities.

We encourage you to send a strong message of support to renewable fuel producers by viewing the current volumes as a jumping off point. We look forward to working with you on 2026 standards that raise RFS volumes for biomass-based diesel and advanced biofuels to levels that are consistent with production and availability, while ensuring an equivalent increase in total volumes to preserve demand across all categories of biofuels.

Sincerely,

Ashley Hinson Member of Congress

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Angie Craig Member of Congress

 ⁴ Donnelle Eller, <u>Chevron closes Western Iowa, Wisconsin biodiesel plants amid harsh market, blames Biden EPA</u>," March 1, 2024. Avi Salzman, "<u>Chevron Plant Closures Show Clean Fuel's Tough Economics</u>," March 6, 2024.
⁵ CoBank, <u>Rapid Expansion of Soybean Crush Capacity Risks Exceeding Growth of Renewable Diesel</u>, March 21, 2024.

⁶ U.S. Department of Energy, Alternative Fuels Data Center, "Biodiesel Benefits and Considerations." <u>https://afdc.energy.gov/fuels/biodiesel-benefits</u>. (accessed Jun 17, 2024).

⁷ USDA, Economic Research Service. (2024, February 7). <u>Farm Sector Income & Finances: Farm Sector Income</u> <u>Forecast</u>.

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