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Environmental Protection Agency
William Jefferson Clinton Federal Building
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Room 3000
Washington, DC 20460
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RE: Docket No. EPA-HQ-OAR-2016-0004-0002

RENEWABLE FUEL STANDARD PROGRAM: Standards for 2017 and Biomass-Based Diesel
Volume for 2018

The American Soybean Association (ASA) welcomes this opportunity to comment on the Proposed Rule for the Renewable Fuel Standard (RFS) Program for Standards for 2016 and Biomass-Based Diesel Volume for 2018. The ASA urges EPA to increase the volumes for biomass-based diesel to 2.5 billion gallons for 2018 – a 400 million gallon increase over the levels in the Proposed Rule.

ASA represents thousands of soybean farmers in 30 states. Soybean farmers are very proud of the leading role we have played in establishing and developing the U.S. biodiesel industry. It is a success story that should be celebrated considering how far we have come from the first investments by the U.S. soybean industry to this point, where we are discussing a U.S. biodiesel market exceeding 2 billion gallons. While biodiesel is now made from a diverse and growing volume of feedstocks, soybean oil remains the largest source of biodiesel feedstock. Soybean oil is a co-product of the protein rich soymeal that drives soybean demand and production. Indeed, all of the feedstocks used for biodiesel production are co-products, by-products, or waste products.

Biodiesel provides multiple energy, economic, and environmental benefits.

- It provides increasing volumes of a domestically produced, renewable energy source
- It provides significant reductions in greenhouse gas emissions resulting in improved air quality
- It has expanded markets for farmers and livestock producers and created new jobs and economic growth, particularly in rural America

The U.S. biodiesel industry has provided these benefits without significant disruption or adverse impacts to consumers. There are no limitations on using biodiesel blends of 20% (B20) throughout the diesel and distillate fuel market and vehicles are not limited by increased volumes of biodiesel. U.S. farmers can produce more feedstock, U.S. biodiesel producers have unused capacity, there are no infrastructure impediments to modest volume increases and U.S. workers, consumers and the environment would benefit.

The National Biodiesel Board has shared with EPA their economic methodology, a global feedstock analysis and a capacity analysis all of which support higher volumes of biomass-based diesel. We are proud that the biodiesel and soybean industry has always advocated for RFS volumes that are modest and achievable and we have met or exceeded the targets each and every year that the program has been in place.

While EPA's Proposed Rule does move forward with biomass-based diesel volumes, increasing them from 2.0 to 2.1 billion gallons from 2017 to 2018, we can – and should – do more. Total utilization of biodiesel has already reached 2.1 billion gallons in 2015 and is on pace to exceed that amount in 2016. EPA's proposed volume requirements for biomass-based diesel represent zero growth for the most commercially viable advanced biofuel. In the Proposed Rule, EPA states that, "...we believe the standards we are proposing will drive growth in renewable fuels, particularly advanced biofuels, which achieve the lowest lifecycle GHG emissions." However, with regard to biomass-based diesel, the EPA has not proposed volume requirements that would most effectively drive growth of the most commercially viable advanced biofuel.

Our differences with EPA's proposed volumes are relatively small, but they are important. The EPA and the Administration are missing an easy opportunity to help the agriculture and rural economy while at the same time achieving greater greenhouse gas emissions reductions – a high priority for EPA and this Administration.

By EPA's assessment, biodiesel achieves greenhouse gas emissions reductions ranging from 50% to 86% better than petroleum diesel. A case can be made that EPA's assessment are on the low-end of the universe of analyses on GHG benefits of biodiesel. However, even by EPA's measurement, 50-86% reductions are very significant. These significant GHG emission reductions achieved by biodiesel makes it hard to understand EPA's reluctance to embrace more aggressive biomass-based diesel RFS volumes. The Administration and EPA have repeatedly cited that reducing emissions is a priority and the energy sector has been a primary focal point in achieving this goal.

As demonstrated and detailed by the National Biodiesel Board in their comments, the U.S. biomass-based diesel industry has reduced fossil fuel use, which in turn reduces this country's dependence on foreign oil and the environmental impacts of fossil fuel production. In particular, biodiesel has reduced carbon emissions from the transportation fuel sector. Based on the mix of feedstocks utilized and the most updated life-cycle analysis, biodiesel now reduces CO₂ emissions by 81% relative to petroleum diesel and every 100 gallons of biodiesel that is substituted for an equivalent amount of petroleum diesel reduces CO₂ emissions by 1 metric ton.

Increased biodiesel production under the RFS can make significant contributions toward the goals the Obama Administration has outlined as part of the United Nations Framework Convention on Climate Change (UNFCCC). This Administration has committed to reduce greenhouse gas emissions by 26-28% by 2025. The transportation sector accounts for nearly 30% of U.S. greenhouse gas emissions almost equal to the electricity sector. The RFS and this rulemaking is one of the few and best opportunities the Administration has to achieve meaningful emissions reductions in the transportation sector for the foreseeable future. In fact – using federal emissions reductions estimates for biodiesel - the Administration can achieve nearly one-fifth of its 26-28% goal in the transportation sector share solely by conservatively increasing the annual biomass-based diesel volume requirements.

Given the many benefits that biodiesel provides, we think EPA should enthusiastically support more aggressive, but easily achievable, volume targets for biodiesel. We see no reason why EPA should not, at a minimum, support biomass-based diesel volumes of 2.5 billion gallons for 2018.

An increase of biomass-based diesel volume requirements to 2.5 billion gallons in 2018 is achievable and warranted. There is idle domestic production capacity and ample, price competitive feedstock available to supply increased domestic biodiesel production. In addition, we are experiencing increasing levels of imported biomass-based diesel. Imports of biomass-based diesel have increased every year from 2012 through 2015, and EPA indicates that there were over 560 million gallons of biomass-based diesel imports in 2015. Furthermore, the U.S. Energy Information Administration's Short Term Energy Outlook issued in June 2016 estimates 629 million gallons of biomass-based diesel imports in 2016 and 721 million gallons in 2017.

While the Proposed Rule does increase biomass-based diesel volumes, these proposed volumes are below the registered production capacity in the United States, below the amounts utilized in the U.S. in 2015 and the amounts expected to be utilized in 2016 and 2017. EPA has estimated that there is about 2.7 billion gallons of registered biodiesel production capacity in the United States, as well as more than 600 million gallons of registered renewable diesel production capacity. The biodiesel industry also believes that the actual production capacity significantly exceeds the amounts that are registered with EPA.

There is ample and diverse feedstock supply for biomass-based diesel and the most prevalent U.S. biodiesel feedstock – soybean oil – is produced sustainably. As demonstrated in the Soy Sustainability Assurance Protocol (SSAP), U.S. farmers have increased production by 96% since 1980 while using 8% less energy; land use per tonne of soybean production has decreased by 35%; and greenhouse gas emissions have decreased by 41% per tonne. The SSAP was established as a certified aggregate approach audited by third parties that demonstrates sustainable soybean production at a national scale. The U.S. SSAP is quantifiable and results driven with mass balance international certification available. The SSAP describes the regulations, processes and management practices that ensure sustainable soybean production and is one part of the overall U.S. soybean producer sustainability program which includes a national measurement system of the positive environmental outcomes by producers. The SSAP is available at: <https://soygrowers.com/wp-content/uploads/2013/02/US-Sustainability-Assurance-Protocol-March-2013.pdf>

From a soybean industry perspective, expanding biodiesel markets are vitally important. Soybeans are a protein crop. A soybean is 80% protein meal and 20% oil. The protein meal goes into feed, primarily for pork and poultry. Soybean production is driven by this demand for livestock feed and the oil is a co-product. Without a market outlet for the co-product, production of the protein meal is restrained. Biodiesel provides a market outlet for the surplus soybean oil. Biodiesel production in the United States and the soybean oil co-product that it utilizes, causes more soybeans to be processed in the United States, generating greater supply of protein-rich soybean meal needed by the U.S. livestock industry.

In addition, rendered animal fat is a significant feedstock for biodiesel and renewable diesel and these markets have become an important part of the livestock and animal fats industry. In fact, biomass-

based diesel is now one of the largest markets for animal fats. Approximately one fourth of all animal fats produced in the U.S. now goes into biodiesel. More demand of animal fats for biodiesel has led to increased value of those fats. Analysis conducted by Centrec Consulting Group in September 2014 concluded biodiesel demand increased inedible tallow prices by 10.6¢ per pound and contributes \$16 per head of increased value to beef producers and an additional \$1.25 per head for hog producers per head.

The importance of the biodiesel market to farmers and livestock producers has increased significantly over the past decade as soybean oil has been displaced from domestic food markets as a result of the FDA determination requiring the elimination of all partially hydrogenated oil, which creates trans-fat. Since the trans-fat labeling requirements were announced in 2003, over 3 billion pounds of soybean oil has been displaced from the food market. As food companies move toward compliance with the complete ban on trans-fat, additional amounts of soybean oil will likely be displaced.

The jobs and economic impact of the biodiesel industry should also not be overlooked. A recent study conducted by LMC International on behalf of the National Biodiesel Board found that the U.S. biodiesel industry supported nearly 48,000 jobs nationwide in 2015 while supporting \$8.4 billion in economic impact across a wide variety of economic sectors and \$1.9 billion in wages paid. These impacts grow if production is expanded.

Given the economic and environmental benefits of biodiesel, we believe that the soybean industry and the EPA should be allies on RFS issues. We can do more than a slow crawl forward. The U.S. soybean and biodiesel industry are not advocating overly-aggressive, disruptive, or unachievable targets for biomass-based diesel. We are only advocating that the volumes for biomass-based diesel be increased to 2.5 billion gallons for 2018 instead of the 2.1 billion gallons proposed by EPA.

Again, U.S. farmers can produce more feedstock, U.S. biodiesel producers have unused capacity, there are no infrastructure impediments to modest volume increases and U.S. workers, consumers and the environment would benefit. Given the many benefits that biodiesel provides, we think EPA should enthusiastically support more aggressive, but easily achievable, volume targets for biodiesel. We see no reason why EPA should not, at a minimum, support biomass-based diesel volumes of 2.5 billion gallons for 2018.

Thank you again for the opportunity to provide these comments.

Sincerely,

Richard Wilkins