growth energy™
America's Ethanol Supporters

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May 15, 2017

Samantha Dravis
Associate Administrator, Office of Policy
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460
Docket ID: No. EPA-HQ-OA-2017-0190
Enforcing the Regulatory Reform Agenda

Dear Ms. Dravis,

Growth Energy is the nation's leading association for biofuel advocates. Our members play a key role in every segment of the biofuel supply chain and operate nearly 90 U.S. biorefineries and 90 additional companies that support the sector. In total, our industry generates over $40 billion in U.S. economic activity and supports nearly 400,000 American jobs, while providing homegrown renewable fuel. We appreciate this opportunity to provide comment to the agency on regulations that hinder the growth of American biofuels, which reduce greenhouse gas emissions and the use of toxic additives in liquid transportation fuel. Growth Energy has provided voluminous comments on these issues over the last decade, and we outline them for your consideration below. By removing these barriers, our industry can continue its success to create jobs, improve our agriculture and rural economies, increase our energy security, and improve our nation's environment.

First and foremost, we believe that the agency should administer the Renewable Fuel Standard (RFS) as enacted into law by Congress, and make every effort to propose, take public comment, and finalize annual renewable volume obligations (RVOs) in a timely manner. Timely RVOs are critical for business stability, planning, and securing future investments. To further achieve the ambitious goals of the RFS, we strongly encourage the agency to finalize its denial of the petition to change the point of obligation, the mechanism used to ensure obligated parties comply with the RFS. The RFS has been law for more than a decade; billions of dollars have been invested based on the certainty of the RFS program and a concrete understanding of what parties are obligated to blend biofuels. Today, ethanol-blended fuel represents 97 percent of the gasoline sold in the U.S., and the availability of higher ethanol blends such as E15 and E85 continues to grow significantly, providing more opportunities for biofuel production and further expanding the market for American agriculture. As extensively addressed in our comments on EPA's proposal to deny the petition to change the point of obligation, there is no policy or economic support for changing the point of obligation, and any such regulatory action would significantly disrupt the renewable fuels market. This disruption would cause long-term uncertainty in the marketplace, significantly complicate a very successful regulatory program that has resulted in substantial environmental benefits, and halt the market expansion of E15.

Additionally, with respect to the administration of the RFS, we encourage the agency to further streamline potential fuel pathways. While improvements have been made to accelerate and to simplify the process, such as the efficient producer pathway, there are several pathways that continue to languish. We urge the agency to continue to find ways to improve the approval process for pathways under the RFS. In a similar vein, the agency should proceed with approval of so-called "biointermediates." As an example, it is illogical that ethanol plants cannot take waste alcohol from beverage alcohol production, further process the alcohol, and denature it for fuel ethanol under the RFS. In such a scenario, the ethanol producer should get appropriate RIN credit for the production of renewable fuel in a way that does not further burden the ethanol producer or the beverage alcohol producer.

Next, as previously mentioned, the market for E15 continues to grow and expand with more than 800 locations in 29 states and double that number of location by year end. In fact, consumers have now driven more than 950 million miles on E15 with no performance issues or problems, and NASCAR has driven more than 10 million miles on the fuel in some of the harshest driving conditions in the world. Growth Energy led the way by filing the waiver application to allow E15 to be sold. That waiver application was subsequently granted for all 2001 and newer light duty vehicles, which currently represents nearly 9 of 10 cars on the road today. While we continue to grow the market, the lack of consistent vapor pressure treatment between regular E10 gasoline and E15 remains the largest hurdle to introduction of the fuel. Without vapor pressure parity, sale of E15 is severely limited during the summer driving season, denying consumers choice of a fuel that provides cost savings and improves air quality. The labeling changes alone cost retailers $500 per year for each dispenser. With more than 800 locations selling E15 and an average of 5 dispensers per site, the label changing costs would be more than $2 million. There is currently legislation pending in Congress to fully and completely fix this vapor pressure disparity amongst ethanol-blended fuels. We urge the agency to work with Congress to support this legislation so that American drivers and retailers alike may choose E15. Doing so saves consumers between three and ten cents per gallon and helps increase consumption of American-made biofuel.

Additionally, following EPA's approval of E15 for use in all 2001 and newer vehicles, the agency imposed numerous onerous conditions on the fuel, several of which go well beyond what is required for other fuels, such as conventional gasoline. One notable example is the requirement for a fuel sampling survey. The survey imposes a significant annual cost on ethanol producers and retailers alike who sell ethanol into the E15 market or sell the fuel to consumers. E15 is approved for nearly 9 out of 10 cars on the road today and is clearly labeled for use in these vehicles. These requirements to sell E15 are clear as are potential penalties for non-compliance. The addition of this costly annual fuel survey is superfluous and unnecessary, and the agency should take immediate steps to remove this requirement.

Also, because ethanol represents ten percent of our nation's fuel supply and is poised to grow even more, our producers and supporters have a keen interest in preserving the continuous relationship between the future of engine technology and the future of fuel. As automobile manufacturers continue to move to smaller, higher compression engines, they will demand higher octane fuels to ensure proper performance and adherence to emissions standards. Growth Energy has submitted multiple comments to the agency since 2012 articulating the emissions and performance benefits of these midlevel blends including a specific submission of a 94 octane, E30 certification and in-use fuel. As the agency evaluates further greenhouse gas and fuel economy standards for vehicles, we strongly urge the agency to consider the significant benefits of high octane, midlevel ethanol blends such as E30. In the meantime, the agency should also adjust and immediately correct factors limiting the production and eliminate barriers to the

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future production of flex fuel vehicles capable of using any ethanol-blended fuel up to and including E85. These vehicles can use the growing number of higher ethanol blends now available across the country and will contribute greatly to the continued successful implementation of the RFS.

Growth Energy also has concerns about the continued use of the MOVES2014 model to estimate transportation emissions from ethanol blended fuels. There is a tremendous amount of research being done in this area, and we urge the agency to work with our technical experts to revise the model, so that it appropriately accounts for the benefits of ethanol blending. In the meantime, we ask that the agency suspend use of this model until further research is complete.

Finally, the agency has proposed to unnecessarily tighten standards on natural gasoline blendstocks used for ethanol blending in the proposed "REGS" rule. These restrictions fail to properly realize the dilutive benefits of ethanol on fuel quality and fail to realize the market realities of supply of these blendstocks. The standards should instead focus on finished fuel standards as is done with gasoline rather than unnecessarily restricting the use of certain blendstocks. The agency should carefully examine the market realities and reconsider promulgation of these stricter standards.

We appreciate your consideration of our comments and the impact of agency actions on the biofuels industry. We look forward to working with you to address these areas of concern and ensure the future success of renewable fuels. If you need further information on these issues, please contact me at your convenience.

Sincerely,

Christopher P. Bliley, Vice President of Regulatory Affairs