

Oral Testimony of Kelly Nieuwenhuis, President – Siouxland Energy Cooperative
Hearing on "Protecting the RFS: The Trump Administration's Abuse of Secret Waivers"
Subcommittee on Environment and Climate Change of the Committee on Energy and Commerce

Tuesday, October 29, 2019

Chairman Tonko, Ranking Member Shimkus, and Members of the Subcommittee:

My name is Kelly Nieuwenhuis, and I've been farming for 37 years with my brothers and my father near Primghar, Iowa. We grow corn and soybeans on our family farming operation and roughly 95% of our corn production goes to ethanol. I also serve as president of Siouxland Energy Cooperative.

I'm taking time away from harvest because today's topic is critically important. Plain and simple: EPA's abuse of small refinery exemptions under the RFS is crippling rural America.

I have seen this firsthand as president of Siouxland Energy, a farmer-owned ethanol plant in Sioux Center, Iowa. Each year, our plant produces up to 80 million gallons of clean, renewable biofuel, including up to 2 million gallons a year of cellulosic ethanol.

Because of EPA's actions to help the oil industry's bottom line at the expense of farmers and biofuel producers, we had to make a hard decision – to idle our plant and shut off a key market for hundreds of local farmers, including myself.

The morning we announced we were idling our plant, I was tasked with delivering the bad news to our 40 employees, who all make more than 20 dollars per hour. The team sat quietly, wondering about their future in the event we would have to permanently close our facility. This was one of the toughest things I've ever had to do.

Even eight years ago during a 50-year drought, our plant had significantly more debt than we do today, and yet we had no problem accessing capital. This time around, our local bank has increased the scrutiny for borrowing given the lack of certainty with the RFS. The reality is that they read the same news that we read, and they understand that EPA is taking actions that have dramatically undermined the market.

The economic crisis created by the EPA's abuse of SREs started 3 years ago. At first, we couldn't put a finger on what it was, but the fundamentals in our market seemed off. It was only after the press started reporting the rapid escalation of SREs being granted behind closed doors at the EPA that we began to understand what was happening to our business.

I'm a simple numbers guy. In 2018, if the integrity of the RFS was upheld, and we blended 15 billion gallons of ethanol, coupled with the 1.7 billion gallons of exports, that's 16.7 billion

gallons of ethanol demand. That year, the US ethanol industry set a record production of 16.1 billion gallons. If the RFS had been upheld, then today we'd be growing the industry. A few weeks ago, we did get a small piece of good news for our plant. The state of California is using a significant amount of ethanol to meet its requirements under the Low Carbon Fuel Standard and CARB lowered our plant's carbon score by about 10 percent, giving us a new market opportunity.

As a result, now we're back online and operating at 50% capacity – so we're only losing slightly less money than we would be if our whole plant was idled. This small boost came directly from California – NOT the EPA.

The regulatory attempts by the EPA give us little confidence that we will see the relief we need.

That's why the agricultural and biofuels industries strongly support H.R. 3006, the RFS Integrity Act, sponsored by Representatives Collin Peterson and Dusty Johnson. This bill would address the EPA's dismal record on SRE transparency. We have no idea of the specifics used by DOE or EPA in making SRE decisions, and this bill takes care of these basic transparency concerns by setting a reasonable deadline for SRE applications, and giving the public greater insight into this murky process.

On behalf of my employees and the ethanol producers, thank you for the opportunity to appear today and I look forward to your questions.