

**\*\* MEMBERS ONLY – Not for Distribution\*\***

## **POSITIONING ON EPA PROPOSAL ON SREs**

### **BACKGROUND:**

On October 4, 2019, the White House announced an agreement with lawmakers that would uphold President Trump's promise to uphold the RFS and fully account for gallons of ethanol lost to small refinery exemptions. Less than two weeks later, the Environmental Protection Agency (EPA) issued a [supplemental notice of proposed rulemaking](#) on October 15 that betrays President Trump's promise to rural America.

The proposal, which will open on October 30 for comment, undermines the promises made to farmers and midwestern lawmakers that this administration would accurately account for lost gallons, as the law requires.

### **MAKE YOUR VOICE HEARD:**

You are invited to join Growth Energy at the public hearing in Ypsilanti, Michigan on October 30 where we plan on sharing the industry's concerns via formal comments to the agency.

Following the October 30 public hearing, EPA will open a comment portal where those impacted by SREs can submit a letter to EPA. We'll be alerting members once EPA opens up the comment portal, which will remain open through November 29.

Whether in person at the EPA public hearing, through a submitted comment to EPA, or in your conversations with media or on social media, your voice is important in this debate.

Below are some topline suggested talking points and potential Qs and As that can help frame the debate.

### **KEY TALKING POINTS**

- Over and over, we heard that going forward, 15 billion gallons would mean 15 billion gallons.
- But this proposal fails to ensure that farm families and biofuel producers have the certainty they need to reinvest and rebuild after three years of massive demand destruction at the hands of EPA.
- Instead of restoring biofuel demand based on the number of gallons impacted, the agency now wants to rely on outdated Department of Energy (DOE) recommendations, which would minimize the volume of biofuels restored to the market.
- EPA's plan turns a real fix into little more than a Band-Aid.
  - To [put it in perspective](#), the initial agreement reached on October 4 between lawmakers and the president would restore about 1.35 billion gallons of biofuel demand in 2020.

- The EPA's October 15 proposal, however, runs counter to that initial agreement and promises only half that – about 770 million gallons.
- This EPA plan will do nothing to bring back the ethanol plants that have shut down or help ease the burden that corn farmers currently face.
- Every day that passes without the true solution President Trump promised means more and more pain for America's farmers and rural workers.

## Q&A:

### 1. How is this proposal different from the deal announced on October 4?

The deal announced on October 4, 2019 reflected a unified industry position that EPA must fully account for gallons likely to be produced by exempt small refineries, based on a three-year average of all previously exempted gallons. An agreement was reached that beginning with the 2020 biofuels standards, EPA would account for the average of the gallons exempted from the previous three years (i.e. gallons exempted in 2016-2018 would be looked at for 2020, for example). EPA made that commitment clear in its communications with the industry, and the White House made the same commitment to our champions in Congress.

Yet just days later, EPA betrayed that deal, proposing that only lost gallons previously recommended for exemption by DOE would be restored to the marketplace going forward, with no value given to the actual gallons exempted by EPA. A fix based on DOE recommendations makes it very possible for EPA to annually waive more gallons than they restore – thereby hollowing out the commitment made to rural and farm leaders. In fact, for 2020, the plan would only account for about 770 million gallons, compared to the 1.35 billion gallons actually exempted on average over the last three years.

### 2. The biofuel industry has traditionally called on EPA to follow DOE recommendations on exemptions. Why is that the wrong policy now?

If EPA followed DOE recommendations, far fewer gallons would be exempted every year. But that has not been the case. Instead, EPA has vastly inflated the volume of exempted gallons, providing exemptions against the advice of DOE, or providing full exemptions when only a partial exemption was recommended. As a result, a fix based on the number of gallons DOE recommends – not the actual exempted volumes – would not offer farm families and biofuel producers the certainty they need to reinvest and rebuild. The fix must match the size of the problem, not deflated DOE recommendations which would minimize the volume of biofuels restored to the market.

### 3. This was supposed to be good news for biofuels, and some policymakers seem to agree. Why is the ethanol industry never satisfied?

The biofuel sector has consistently asked for one simple thing: follow the law. Every time the president and our champions in Congress work to implement the RFS as it was intended, EPA bureaucrats undermine their goals, playing regulatory games to ensure that 15 billion gallons does not equal 15 billion gallons.

We applauded the fix on October 4, and we're ready to applaud it again, but we need the solution President Trump promised – which accurately accounts for actual waived gallons going forward. That's what it will take to reopen plants and reinvigorate rural economies that have been devastated by EPA's abuse.

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