THE REALITIES OF DEMAND DESTRUCTION

growth energy
America's Ethanol Supporters

THE DEVASTATING IMPACT ON RURAL AMERICA

Environmental Protection Agency (EPA) refinery exemptions destroy demand for homegrown energy at a time when family farms are facing the worst economic conditions in a generation.

- According to the Energy Information Administration, **ethanol consumption fell last year for the first time in 20 years,** and the agency has noted that **“growth in higher-level ethanol blends is limited** in the near-term by recent Small Refinery Exemptions that reduced volumes of renewable fuel required under the RFS.”[1]
- Following the most recent round of EPA exemptions, **the value of corn fell by 10 percent,** the sharpest drop for any August on record, further depressing farm income.[2]
- **Economic growth in rural communities has stalled,** threatening to freeze capital investments, undercut small businesses, and slash state and local revenues associated with agricultural and investment income.[3]
- The U.S. Department of Agriculture **reduced the estimated volume of corn used for ethanol in the 2018/2019 marketing year by 225 million bushels** between November 2018 and August 2019.[4,5]
- Federal credits for biofuels — known as Renewable Identification Numbers (RINs) — **lost 40 percent of their value** immediately after the latest round of EPA exemptions, depressing the incentive for retailers to offer lower-cost ethanol blends at the fuel pump.[6]

IMPACT BY THE NUMBERS

19
plants shutdown

25+
plants idled or slowed down in the past year

900+
million gallons offline

$11.8b
decline in farmer income (Q4 2018 to Q1 2019)[7]

HOW DID WE GET THERE?

Under the Renewable Fuel Standard (RFS), exemptions were intended for “small” refineries facing special economic hardship. Now, EPA bureaucrats are approving exemptions for some of the largest and most profitable refiners in the world, including Exxon and Chevron.

Over the last three years, the **EPA has issued 85 small refinery exemptions (SREs),** without accountability or even disclosing the recipients. The exemptions **quietly undercut federal biofuel targets set each year** through an open and transparent rulemaking process, thus eliminating the incentive for retailers to offer lower-cost options at the fuel pump.

UNDER THIS EPA:

More than **four billion gallons of biofuel have been retroactively exempted** from the 2016, 2017, and 2018 blending requirements under the Trump administration – nearly six times more than was exempted during the final three years administered under the Obama administration.

> Since Trump took office, the EPA has approved **85 waivers for 4 billion gallons of renewable fuel, killing demand for 1.4 billion bushels of corn** used to make it.
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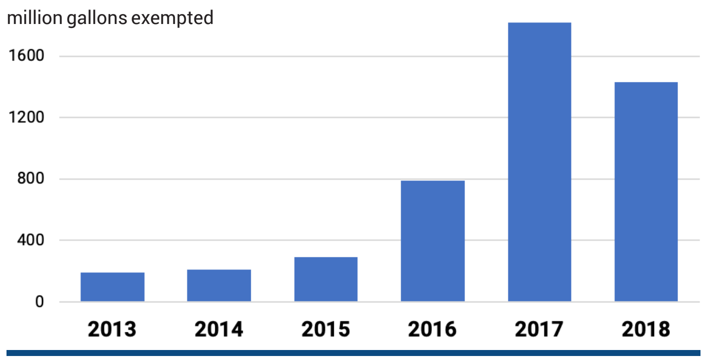
> **Des Moines Register,** 31 Aug. 2019

DEMAND DESTRUCTION ADDING UP



1 Star Tribune, U.S. ethanol market sees first sales decline in decades, March 16, 2019
2 DTN/Progressive Farmer, Fundamentally Speaking: Decline in Corn Prices Last Month Likely Largest Ever for Aug., Sept. 6, 2019
3 Wall Street Journal, Ethanol Industry Reels as Trade Dispute and Policy Changes Cut Demand, Sept. 4, 2019
4 USDA, Office of the Chief Economist, World Agricultural Supply and Demand Estimates, Aug. 12, 2019
5 USDA, Office of the Chief Economist, World Agricultural Supply and Demand Estimates, Nov. 8, 2018
6 S&P Global Platts, RIN values drop 40% as US EPA announces 2018 Small Refinery Exemptions, Aug. 9, 2019
7 U.S. Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, Table 2.1. Personal Income and Its Disposition, Aug. 29, 2019