growth energy™
America's Ethanol Supporters

701 8th Street, NW, Suite 450, Washington, D.C. 20001
PHONE 202.545.4000 FAX 202.545.4001 GrowthEnergy.org

August 3, 2020

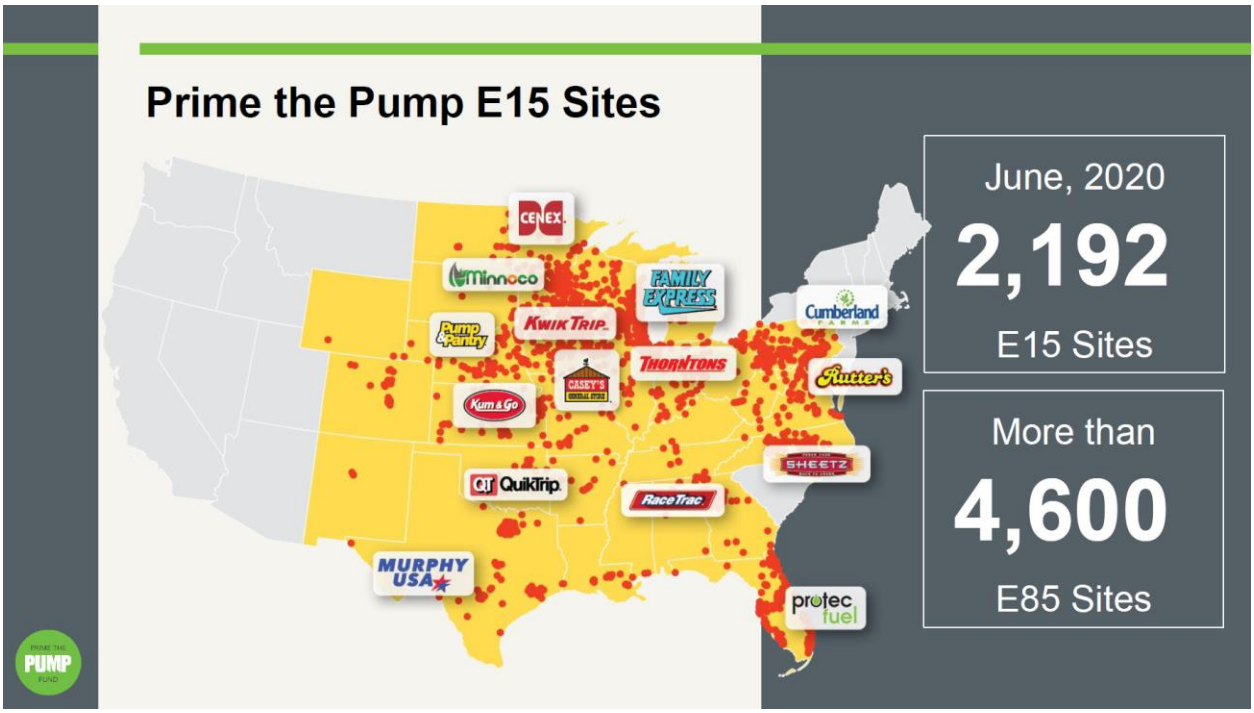
Andrew Wheeler
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460
By Electronic Mail
Docket ID: EPA–HQ–OAR–2020–00044

RE: Increasing Consistency and Transparency in Considering Benefits and Costs in the Clean Air Act Rulemaking Process

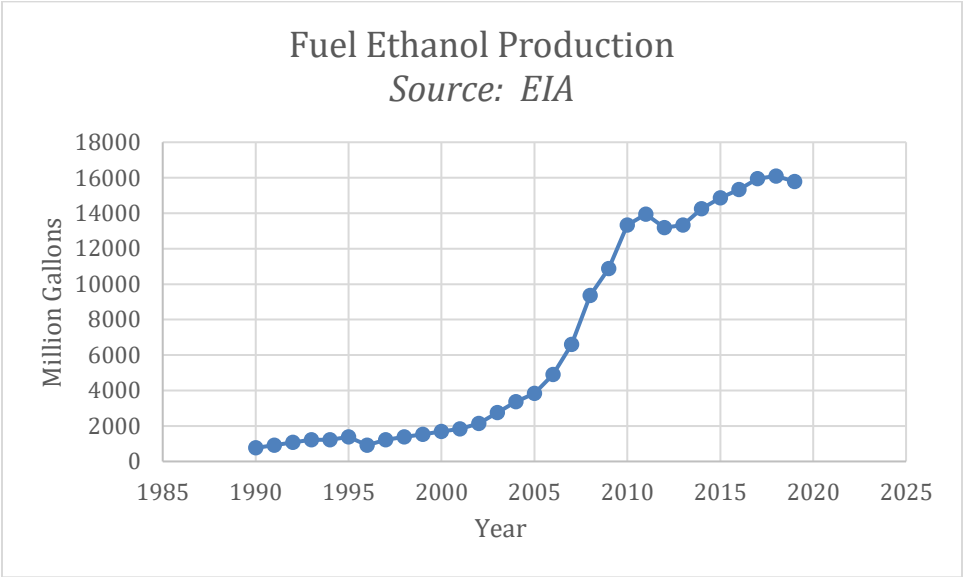
Administrator Wheeler:

Growth Energy is the nation's largest renewable fuel organization representing 89 biofuel producers, nearly 100 associated businesses in the biofuel supply chain, and tens of thousands of biofuel supporters across the country. We believe expanding our nation's fuel mix with more biofuel will continue to lower costs for consumers, revitalize our rural economy, and improve our environment.

Thank you for this opportunity to provide comment on the agency's proposal to increase consistency and transparency in considering benefits and costs in the Clean Air Act (CAA) rulemaking process. The use of biofuels in our country has become universal with 98 percent of every gallon of gasoline now containing 10 percent ethanol, more than 2000 retail locations with E15, as well as more than 4000 locations offering E85 for flex fuel vehicles. As a result of the use of biofuels under the Renewable Fuel Standard (RFS), today Americans see reduced cost at the pump, reductions in greenhouse gas emissions, reductions in harmful air toxics like carbon monoxide, and significant value added to farmers and rural communities. The success of biofuels can be directly attributed to the enactment of the Energy Policy Act in 2005, Energy Independence and Security Act of 2007, and subsequent implementation of the Renewable Fuel Standard (RFS) by EPA in line with these laws.



Following development of the RFS over the past 15 years, the industry has grown from 81 plants producing nearly 4 billion gallons of ethanol to 200 plants now producing roughly 16 billion gallons of ethanol annually. Today, this industry supports more than 350,000 jobs including thousands of farmers accounting for roughly 40 percent of the corn demand in the United States. The use of biofuels has also helped to reduce our dangerous dependence on foreign oil imports replacing 10 percent of our nation's fuel and reduced consumer costs at the pump.



701 8th Street, NW, Suite 450, Washington, D.C. 20001
PHONE 202.545.4000 FAX 202.545.4001

Clearly there are a multitude of benefits from the use of ethanol and the further development of renewable fuels under the RFS. EPA has already examined many of these issues in their regulatory impact analysis done when the RFS was first proposed and finalized.

As such, we have several concerns about the potential implications of such a far-reaching proposal to examine costs and benefits of EPA regulations under the Clean Air Act (CAA). Specifically, we are concerned about how such a sweeping proposal may impact the past, current, and future state of the RFS and other regulations that impact the production and consumption of renewable fuel.

Disaggregation of Costs

The agency proposal to disaggregate all relevant cost categories fails to fully explain its rationale. While we certainly support transparency, it is unclear how disaggregating costs could be used any less improperly to undercut the benefits of a proposal than under the status quo. Indeed, opponents of a regulation could twist and misuse isolated costs to diminish the need for agency regulations. For example, in the case of the RFS and other regulations on renewable fuels, which have several purposes other than specific emission reductions, a needlessly narrow accounting could subvert the very purposes Congress intended. Specific costs incurred in relation to RFS compliance, such as costs of feedstock purchases or increased farmland values, are understandable effects of the proper implementation regulatory scheme even though they are not explicitly described as part of the RFS. These and other costs, which are tied with significant benefits for America's farmers, energy security, and our rural economy, could be unfairly characterized as unnecessary to the RFS when improperly considered in isolation without the proper context of the full myriad benefits of the RFS.

Similarly, the agency proposal does not provide a clear roadmap for how such disaggregation should be applied in the context of the RFS reset, which has already been triggered, or in post-2022 annual RVOs, both of which require EPA to consider and weigh six statutory factors, some of which do not have straightforward cost or quantitative metrics. Relatedly, we have seen numerous studies, including those done by Argonne National Laboratory and the U.S. Department of Agriculture, that confirm that ethanol significantly reduces greenhouse gas emissions compared to gasoline. However, under this proposal, limited results from a BCA could distort EPA's examination of the social cost of carbon which could then, in turn, be used to unjustly distort the greenhouse gas reductions called for in the RFS and described in the original RFS regulatory impact analysis. Any disaggregation should not be allowed to undercut the necessity for regulations that implement the broad and numerous goals of the RFS.

Specifying How BCA Results Should Inform Regulatory Decisions

While the proposal asks for comment on how BCA results should inform future regulatory actions, it remains unclear how this may translate to CAA statutory provision, such as the RFS, that require ongoing or annual rulemakings for fuel blending requirements. The RFS was finalized a decade ago, but each year, the agency is required to set an annual renewable volume obligation (RVO), In addition, regulations are occasionally promulgated to approve pathways under the RFS. We would have significant concerns about EPA performing a BCA analysis for each RVO each year as doing so would completely undermine the certainty and investment expectation created when this program was first put into force.

Applicability and Retrospective Analysis

In similar fashion, we have strong concerns about how retrospective analysis could be misused to undermine the environmental progress from policies that increase the use of renewable fuel. If a BCA analysis is done on the 2017 RVO for example, we would be concerned that the results of the analysis then be used to retroactively alter the blending obligations in past years, which could create market volatility, and needlessly depress demand for renewable fuels and associated crops.

In short, we believe that the agency needs to much better articulate how it intends to use these benefit-cost analyses. Specifically, the agency needs to assure biofuel producers, farmers, and the public that any adjustment in benefit-cost analysis will not undermine the policy goals of the Energy Policy Act, Energy Independence and Security Act, and the RFS. In addition, EPA should not reverse years of considerable investment and development in the renewable fuels industry by applying a narrow benefit-cost analysis that does not take into consideration the full range of benefits Congress intended to be served by the RFS.

Thank you in advance for your consideration.

Sincerely,

Chris Bliley
Senior Vice President of Regulatory Affairs
Growth Energy

701 8th Street, NW, Suite 450, Washington, D.C. 20001
PHONE 202.545.4000 FAX 202.545.4001