

FREQUENTLY ASKED QUESTIONS: THE RENEWABLE FUEL STANDARD (RFS) SET

WHAT IS THE RFS SET?

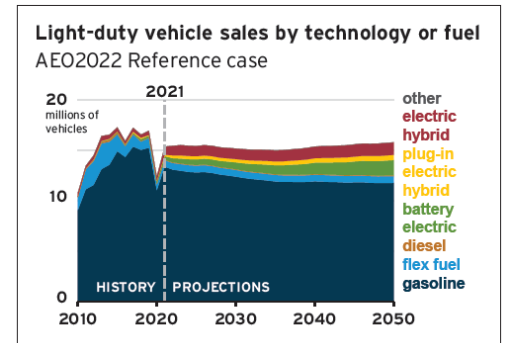
The Set is a new method of determining Renewable Volume Obligations (RVOs) under the RFS. Starting in 2023, the U.S. Environmental Protection Agency (EPA) is required to establish biofuel blending obligations under the RFS without relying on statutory volumes - enacted by Congress - as a starting point for its RVO rulemakings.

EPA is required to “set” 2023 and later volumes through consideration of six statutory facts that, taken together, express Congress’s directive to the agency to continue to expand the role of biofuels in our nation’s transportation fuel supply, and ensure all of the environmental, economic, and national security benefits they provide.

WHY IS THE SET IMPORTANT?

The RFS remains America’s single most successful clean energy policy, but its full potential as a climate solution remains untapped. Currently, more than 98 percent of U.S. gasoline contains up to 10 percent ethanol to boost octane and reduce air pollution, with each gallon of ethanol reducing emissions by an estimated 46 percent or more.

Liquid fuels are projected to remain essential to the transportation sector for decades to come. The Set offers our policymakers an excellent regulatory vehicle to take advantage of readily available climate solutions that the biofuels industry provides right now - if done right.



WHAT IS THE NEW PROCESS UNDER THE SET TO ESTABLISH RVOs?

EPA no longer starts with statutory volumes when issuing annual RVOs. Rather, it must determine RVOs by consideration of the six statutory factors, with a special emphasis on ensuring that it implements congressional intent that the RFS be a key tool in the fight against climate change. As part of that process, the law requires EPA to consider six factors:

- The impact of production and use of renewable fuels on climate change and the environment.
- The impact of renewable fuels on energy security.
- The expected annual rate of future commercial production of renewable fuels.
- The impact of renewable fuels on the infrastructure of the United States.
- The impact of the use of renewable fuels on the cost to consumers of transportation fuel and on the cost to transport goods
- The impact of the use of renewable fuels on other factors, including job creation, the price and supply of agricultural commodities, rural economic development, and food prices.

In addition to using the statutory factors, EPA is required for 2023 and later RVO years to ensure that the advanced portion of the total RVO is at least the same percentage as it was in 2022. The 2022 RVO set the advanced to total ratio requirement at 27.2% (5.63BG advanced/20.63BG total).

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WHEN WILL THE SET RULE BE IN PLACE?

To date, EPA has been inconsistent in adhering to timely RFS deadlines, but most recently, EPA has indicated a willingness to get the RFS “back on track.” Given the impact of the Set, Growth Energy entered into a consent decree with EPA that sets the date for the proposed 2023 RVO at no later than November 16, 2022 and finalizes it by no later than June 14, 2023.

Adhering to a strict timeline is critical for the biofuels producers, refiners, and ag partners because when RVOs are delayed, the industry loses out on their market-forcing impact, resulting in lower volumes than envisioned under the RFS.

HOW MANY YEARS ARE COVERED BY A SET RULEMAKING?

The RFS does not specify the number of years EPA must cover in any particular Set rulemaking. EPA has indicated, however, that it intends its initial Set rule to cover at least 2023 and 2024.

HOW CAN EPA ENSURE ETHANOL CONTINUES TO ADVANCE RFS CLIMATE GOALS?

Continued progress on reducing carbon emissions requires timely and robust RVOs so that the biofuels industry can continue to innovate, plan, and grow to meet our nation's climate needs and energy demands - both today and into the future. To ensure ethanol continues to advance the climate goals of the RFS and play a meaningful role in reducing gas prices, EPA should finalize 2023 and later RVOs with implied conventional volumes at no less than 15 BG, and ensure that total and advanced RVOs are high enough to meet current and future market capacity and to spur technological innovation and market growth across the biofuels sector. EPA should also update its GHG lifecycle analysis to reflect the best available science on the climate profile of corn starch ethanol, in particular with respect to land use change.