

WHY BLENDERS SHOULD NOT BE OBLIGATED PARTIES UNDER THE RFS

- The Renewable Fuel Standard (RFS) is designed to displace traditional petroleum fuels derived from foreign sources with domestically-produced renewable substitutes. These objectives can be achieved only if renewable fuels are, in fact, integrated into the nation's fuel supply.
- Renewable fuels can only be integrated into the nation's fuel supply if the petroleum supply is able to be blended with renewable fuels to produce a product that can be sold lawfully.
- The only entities that can control the characteristics of the nation's petroleum supply (and thus whether it can be blended with renewable fuels to produce a product that can be sold lawfully) are those that import it or manufacture it. Other entities, such as downstream fuel marketers that blend, do not control such characteristics and can only obtain product that importers and manufacturers sell to them.
- Absent their status as obligated parties, there is no economic incentive for manufacturers or importers to introduce into commerce petroleum supply that can be blended with renewable fuels to produce a product that can be sold lawfully. They are under no legal obligation to do so. That is why it is logical to make these entities obligated parties under the RFS.
- Many fuel marketers that blend today would cease doing so if such activities rendered them obligated parties under the RFS. There is no legal requirement that they continue their blending operations. Indeed, many downstream blenders would be unable to obtain product that is suitable for blending with renewable fuels. That is why it is illogical to make "blenders" obligated parties under the RFS.
- Making "blenders" obligated parties rather than refiners and importers would therefore render the RFS program optional:
 - Importers and manufacturers would have no obligation (or incentive) to generate petroleum supply that can be blended with renewable fuel to produce a product that can be sold lawfully.
 - Blenders would be under no obligation to continue their blending operations, and many downstream blenders would be incapable of obtaining petroleum product suitable for such blending.
- The RFS is not designed to be an *optional* program, but rather a *mandatory* program to increase the presence of renewable fuels in the nation's fuel supply.
- Refiners and importers are obligated parties because that is the only way to ensure that renewable fuels are integrated into the nation's fuel supply. If "blenders" rather than refiners and importers were obligated parties, renewable fuels' presence in the nation's fuel supply would diminish substantially, and the RFS's objectives would not be achieved.