ENERGY GUARDIAN

Durbin: Biodiesel jobs at risk under EPA biofuels proposal

By Edward Felker

The Obama administration's proposal for biodiesel fuel use in 2014 will be "disastrous" for the industry if it goes into effect, the Senate's second-ranking Democrat said Wednesday, calling on regulators to reverse course in the name of jobs.

Sen. Dick Durbin of Illinois, the chamber's majority whip, joined other senators to renew pressure on the White House and the Environmental Protection Agency to raise biofuels mandates under the Renewable Fuel Standard when it finalizes 2014 levels next month.

Durbin joins five other Democrats from the Midwest and Pacific Northwest at a news conference to criticize EPA's proposal to set annual biodiesel use this year and in 2015 at 1.28 billion gallons, the same as last year. The level would be about 600 million gallons below last year's production.

The additional biodiesel output last year was used to fulfill another target under the RFS, for the use of so-called "advanced biofuels" made from non-food sources.

But this year's RFS proposal lowers both conventional ethanol and advanced biofuels use below the 2014 target set under a 2007 law.

If ratified, the proposal leaves little room for biodiesel producers to supply additional gallons under the RFS beyond the specific biodiesel target set by EPA, effectively cutting mandated use.

That prospect has alarmed the industry and has most of the nation's producers already reducing output and scaling back expansion plans, according to a survey issued Wednesday by the National Biodiesel Board, which says up to 8,000 jobs are at risk out of the industry's 62,000 employee workforce.

Durbin stressed energy independence, carbon emissions reductions and job creation as reasons for EPA to raise the target. "This industry creates real, good paying jobs," he said, adding that "when there's uncertainty about the future of biofuels, there's uncertainty about these jobs."

He and the others, led by Sen. Heidi Heitkamp, D-N.D., also called on the Senate to pass the $85.3 billion tax breaks extenders bill currently being debated by the chamber, which includes a two-year renewal of the $1 per gallon biodiesel tax credit.

Durbin discounted the possibility that the extenders bill will stall over a partisan amendments fight similar to one that sunk an energy efficiency bill on Monday.

"I'm optimistic we'll get it done," Durbin said of the extenders bill. "There's too much at stake and I think even Republicans who are anxious for amendments will understand that at the end."

A bipartisan group of 30 senators with biofuels production in their states late last year met with EPA Administrator Gina McCarthy to pressure her to raise the RFS totals, and have kept up the lobbying in meetings with her and administration officials, including President Barack Obama and Vice President Joe Biden.

Durbin said he brought up the RFS with Biden on Monday, though he did not press him for any commitment. Sen. Al Franken, D-Minn., said he mentioned it to Obama recently, but declined to describe the conversation in detail.

EPA has been pressured from the other direction by the oil industry, small engine makers, and food groups. They support lower levels and contend the RFS should be repealed in response to relatively flat projected demand for motor fuels and the lack of pumps to sell higher blends of ethanol in gasoline.

They also cite concerns about using higher blends in engines not certified for them by automakers. The biofuels industry has challenged all of those points, however.

The senators countered that the RFS need not be repealed or changed, and pointed to EPA as the problem.

"I think quite honestly a mistake was made by the administration. We're going to give them a chance to fix that mistake," Heitkamp told reporters. "The intensity of concern about this is very high, (among) very many senators, it's not just those of us in the room talking about biodiesel."

Heitkamp said she expects EPA to raise its biofuels use targets in its final decision, but acknowledged she was not sure.