Biodiesel makers caught in crossfire of ethanol fight

By Darren Goode
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Biodiesel producers are launching a new campaign to lodge their complaints that they have been caught in the crossfire of the battle over the EPA's ethanol mandates.

The National Biodiesel Board is criticizing leaked EPA draft proposals that show the agency may cut the volume requirements for biodiesel for 2014 even though makers of the fuel say it will reach record production levels next year.

"As a supporter of the U.S. biodiesel industry, I want to express my alarm at the draft proposal for 2014 Renewable Fuel Standard volumes that has been circulating recently," states a letter the biodiesel board is sending to its members to sign and send to EPA Administrator Gina McCarthy and Howard Shelanski, head of the White House's Office of Information and Regulatory Affairs.

"I want to make clear that, if approved, this proposal would reduce biodiesel production by some 25 percent and deliver a devastating blow to a young and growing industry, as well as to our bipartisan goals for building America's energy capacity," the letter states.

The RFS, which was created by the 2005 and 2007 energy laws, has triggered a bitter fight, pitting ethanol producers against oil refiners and splitting lawmakers across regional and industry lines. The battle has centered on the so-called blendwall, where the ethanol volumes that the EPA has mandated be mixed into the nation's gasoline pool would exceed demand and levels that refiners have said can safely be put into vehicles.

But biodiesel producers emphasize the fight over the ethanol blendwall has nothing to do with them.

"Many in our industry believe we're being unfairly dragged into that issue with this proposal," one biodiesel industry official said.

The draft 2014 EPA mandate for biodiesel calls for 1.28 billion gallons — the same level as 2013 — although biodiesel backers say the industry is on pace to produce a record of at least 1.7 billion gallons this year.

"Biodiesel is currently the leading EPA-designated Advanced Biofuel in the country, and it has exceeded RFS requirements in every year of the program," the letter says. "Biodiesel and the RFS are working successfully."

But the proposed reduction "would without question stymie growth and investment throughout the biodiesel industry and force plants to shut down," resulting in the loss of nearly 8,000 jobs, especially at smaller companies, it states.

It also credits biodiesel for diversifying fuel supply and reducing air pollution, including greenhouse gas emissions, and calls for the EPA to lift the 2014 volume mandate at least to this year's projected production level of 1.7 billion gallons.

A handful of biodiesel producers will also attend a meeting Friday with OMB, National Biodiesel Board spokesman Ben Evans said. Several meetings already with the EPA and OMB have already been held before the government shutdown and the leak of the EPA draft, Evans said.

McCarthy has already sought to quell concerns.

“At this point, EPA is only developing a draft proposal,” she said in an Oct. 11 statement after the draft was leaked. “The agency has made no final decision on the proposed renewable fuel standards for 2014.”

McCarthy neither confirmed nor denied whether the draft accurately represented the agency’s position.

In a presentation to OMB officials on Sept. 25, biomass-based diesel industry advocates said setting the volume standard for their product below 2 billion gallons in 2014 “will result in decreased domestic production, worker layoffs and a pullback from new investment in capacity in this sector of the RFS.”

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