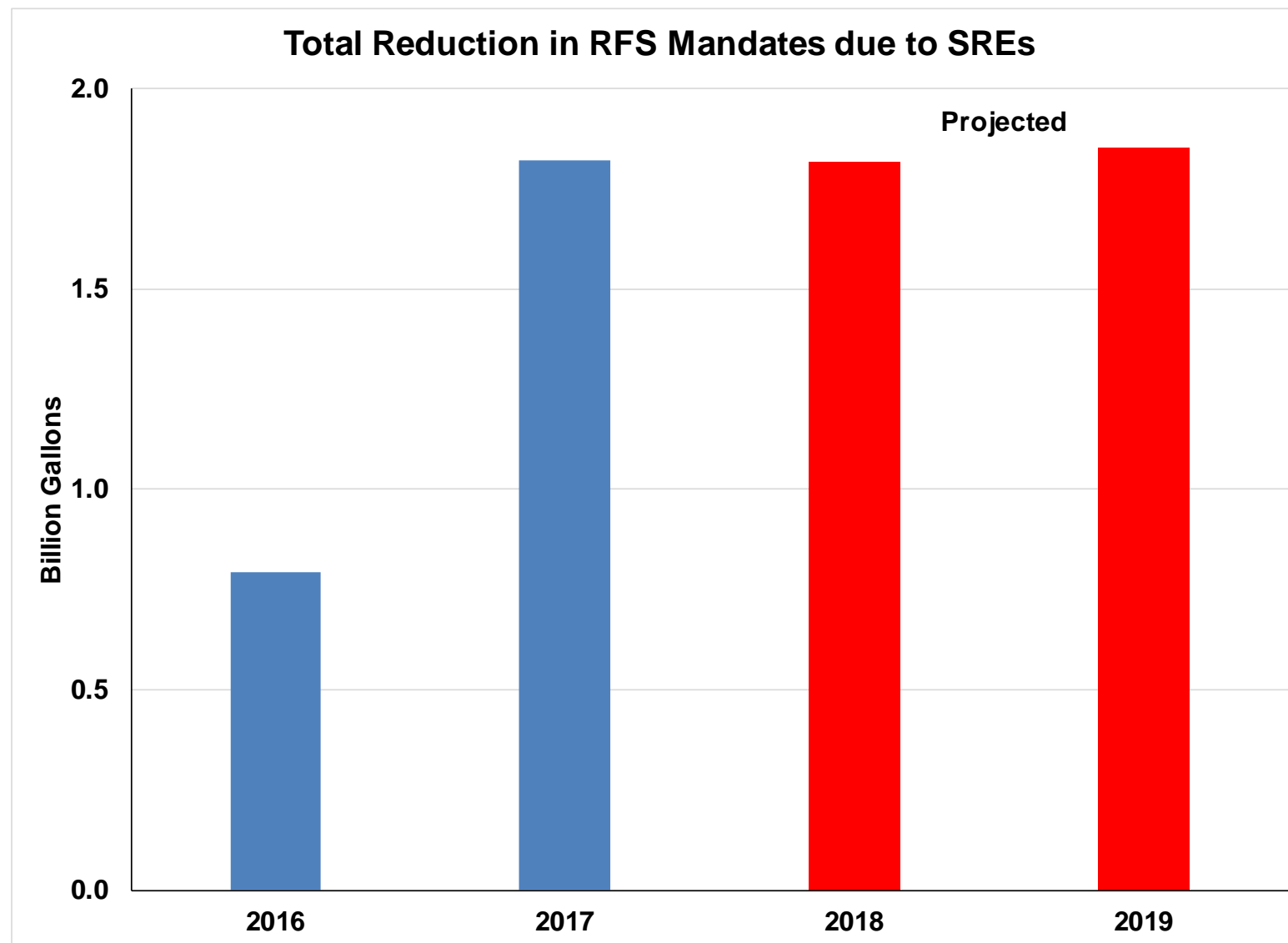


ABFA OMB meeting

June 5, 2019

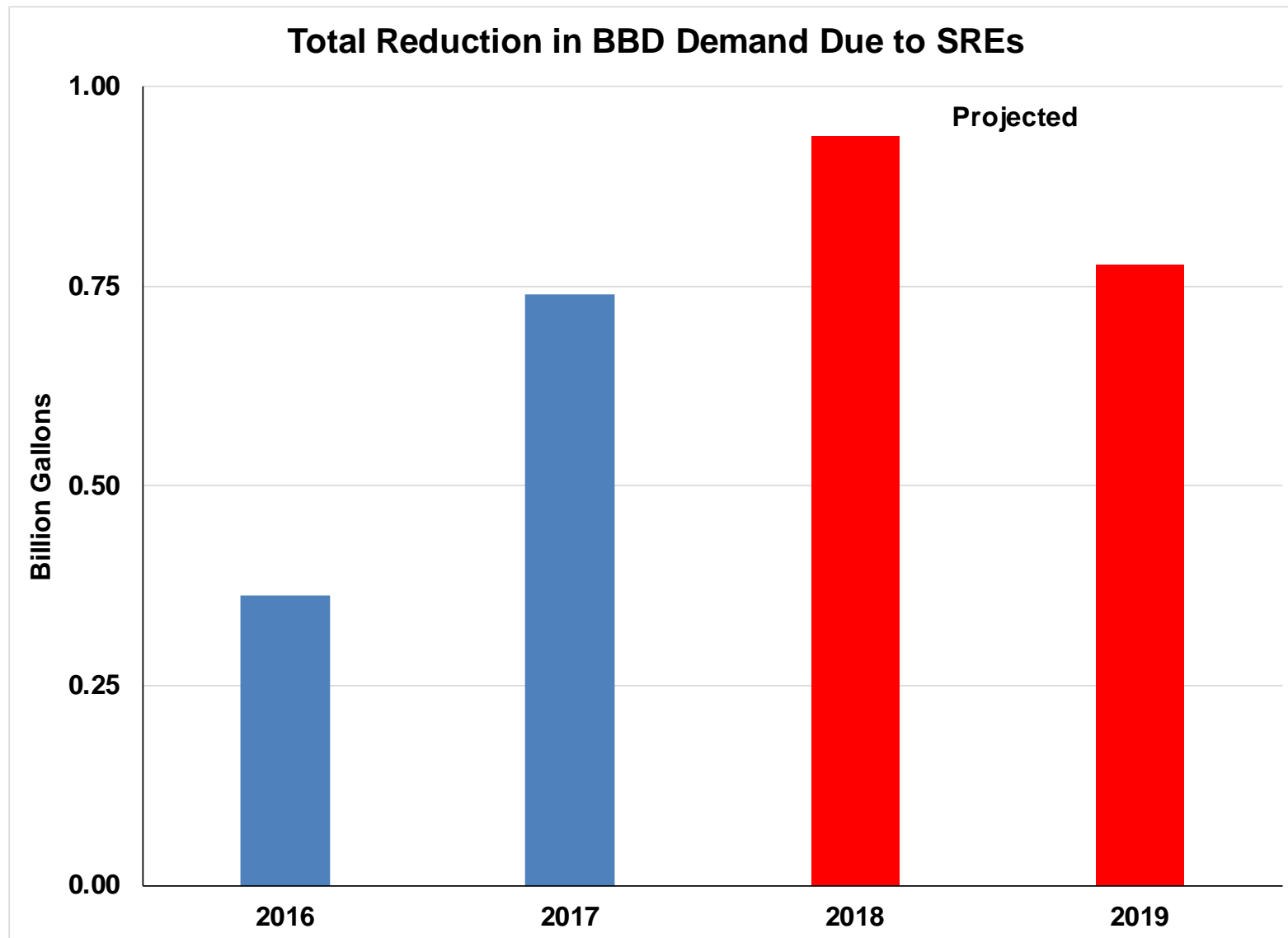
Elements to Consider

- **Small Refiner Exemptions (SREs)** - The use of SREs to adjust the price of RINs has had a significant negative impact on the RFS program and led to substantial demand destruction. We believe EPA should return to using its original method and criteria for evaluating economic hardship exemptions.
- **Renewable Fuel Volumes** - Advanced biofuel production is growing significantly and is poised for even greater growth. Ample feedstock availability and production capacity will support higher advanced volumes in both the D4 and D5 pool. For example, newly announced renewable diesel projects will produce 1.9 billion gallons per year by 2023.
- **State Programs** - Individual state carbon reduction programs are having a significant impact on new investment in the biofuels market.



Source: Professor Scott Irwin, University of Illinois





Source: Professor Scott Irwin, University of Illinois



Americans for Clean Energy et al. v. Environmental Protection Agency et al.

Opinion of Judge Brett Kavanaugh, U.S. Court of Appeals for the District of Columbia, July 28, 2017:

*By requiring upstream market participants such as refiners and importers to introduce increasing volumes of renewable fuel into the transportation fuel supply, Congress intended the Renewable Fuel Program to be a “**market forcing policy**” that would create “**demand pressure**” to increase consumption of renewable fuel. (pp. 20-21)*

Additional Capacity is Coming

Company and Location	Capacity (Millions of Gallons)	Year of Operation
Sinclair (Wyoming) – Renewable Diesel (RD)	120	2018
Cargill (Kansas) - Biodiesel	60	July, 2019
Seaboard (Kansas) - Biodiesel	50	2020
Ryze (Nevada) – RD	60	2020
Ryze (Nevada) – RD	100	2021
Marathon (North Dakota) – RD	120	2021
World Energy (California) – RD	260	2021
REG (Louisiana) – RD	75	2021
Philips 66/REG (Washington) – RD	85	2021/2022
Neste (Singapore) – RD	400	2022
Diamond Green (Louisiana) – RD	400	2022
PBF (Delaware) – RD	150	2022
TOTAL	1,880 million gallons by 2022	

Conclusions

- SREs reduce retrospective obligations and impact the market-forcing intention of Congress.
- While setting yearly RVOs can't predict future SRE impacts, the Agency should also not limit its production estimates strictly to "volumes certain." Following Judge Kavanaugh's statement, at minimum, RVOs should include "expected volumes" based on data supporting current and new production volumes.
- ABFA isn't requesting unrealistic volumes. Instead, ABFA is supporting application, based on data, of a fair and realistic approach that both considers and applies the above two principles.