

Congress of the United States

Washington, DC 20515

May 22, 2024

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

The Honorable Michael S. Regan
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear President Biden and Administrator Regan,

We write to highlight the real-world impacts of the Environmental Protection Agency's (EPA) decision in 2023 to set the biomass-based diesel, overall advanced, and overall Renewable Volume Obligations (RVOs) through the Renewable Fuel Standard (RFS) at drastically low levels, and to urge you to immediately consider amending the RVOs to higher levels.

In March, it was announced that two biodiesel plants, one in Ralston, Iowa, and one in Madison, Wisconsin will close. These closures result in job losses for workers, financial hardship for families, and real struggles for communities to replace integral business partners. Additionally, farmers will be left with fewer options, and less of a market, for their product at a time when net farm income is expected to decrease by nearly 26% in 2024.

These closures are partially a result of your decision last year to set RVOs at levels that were out of touch with the reality on the ground, and the growth potential of the biomass-based diesel industry production capacity. The policy decisions you made have real world impacts – the RVO levels in no way reflected the growth of the renewable diesel industry that had already occurred, let alone what was projected over the 3-year period. As a result, the value of RFS blending credits, known as RINs, have plummeted to less than a third of their previous value.

On February 27, 2024, the U.S. Department of Energy's Energy Information Administration stated: "The price of compliance credits for biomass-based diesel and ethanol has decreased about 45% since the start of the year, when prices were already the lowest in about three years. The decline in the price of credits, known as renewable identification numbers (RINs), is due primarily to lower costs for agricultural feedstocks relative to petroleum fuels, and **we expect prices to remain subdued due to record-high credit generation from the production of renewable diesel.**"¹

On June 3, 2022, the EPA finalized RFS volumes for 2021 and 2022, but also took the unprecedented step of reopening and modifying the previously finalized volumes for 2020². Despite the fact that the RFS internally self corrects when actual fuel demand is less than estimated in the rules, EPA cited COVID-related demand destruction as justification for reopening a rule and reducing the volume obligation. There is no internal correction in the RFS for scenarios where the EPA dramatically misses the mark in projecting ethanol and biodiesel availability and demand. If the EPA has the authority to reopen an RVO rule to reduce volume obligations, then the agency certainly has the authority to do so to increase volumes. With the precedent now set, the EPA should admit its error in forecasting the amount of ethanol and biomass-based diesel in the market for 2024 and 2025 and reopen the rule to increase the biomass-based diesel, overall advanced and overall volume obligations. Failure to do so will almost certainly result in additional biodiesel plant closures.

¹ <https://www.eia.gov/todayinenergy/detail.php?id=61463>

² <https://www.epa.gov/renewable-fuel-standard-program/final-volume-standards-2020-2021-and-2022>

Biodiesel is produced in nearly every state throughout the country, providing economic growth and stability, especially in rural communities. Iowa remains the nation's largest producer of biodiesel – producing a combined 349 million gallons in 2022 – or nearly 20% of all U.S. production and Wisconsin will now lose one of their two biodiesel facilities.

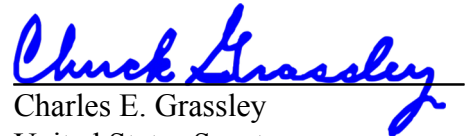
Not only does biodiesel provide economic benefits for rural communities and farmers, but it has also been shown to significantly reduce greenhouse gas emissions. According to a life cycle analysis completed by the Argonne National Laboratory using the GREET model, 100% biodiesel reduces emissions 74% compared to petroleum diesel.

For the biomass-based diesel industry to continue to grow, it needs certainty and predictability, and this requires RVOs that adequately reflect the growth potential of biomass-based diesel production. Therefore, we urge you to immediately reconsider your past decision and raise the 2024 and 2025 RVO levels for biomass-based diesel, advanced biofuels and overall renewable fuels to support American farmers, rural communities, and our economy at large.

Sincerely,



Randy Feenstra
Member of Congress



Charles E. Grassley
United States Senator



Joni K. Ernst
United States Senator