



*U.S. Canola Association
600 Pennsylvania Ave., SE, Suite 320
Washington, DC 20003
Phone (202) 969-8113
Fax (202) 969-7036*

July 11, 2016

Administrator Regina A. McCarthy
Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Ave., NW
Room 3000
Washington, DC 20460
Submitted via: www.regulations.gov

RE: Docket No. EPA-HQ-OAR-2016-0004-0002

RENEWABLE FUEL STANDARD PROGRAM: Standards for 2017 and Biomass-Based Diesel
Volume for 2018

On behalf of the U.S. Canola Association (USCA), I welcome this opportunity to comment on the Proposed Rule for the Renewable Fuel Standard (RFS) Program for 2017 and Biomass-Based Diesel Volumes for 2018. The USCA urges EPA to increase the volumes for biomass-based diesel to 2.5 billion gallons for 2018. This represents a modest 400 million gallon increase above the levels in the Proposed Rule.

The U.S. Canola Association is a non-profit commodity organization whose mission is to increase domestic canola production and promote the establishment and maintenance of conditions favorable to growing, marketing, processing and using U.S. canola. In addition to providing a heart-healthy cooking oil, canola is a feedstock for clean burning domestically produced biodiesel and a source of high-protein meal used as feed and energy for livestock, poultry and fish. Since 1989, the USCA has helped domestic canola grow from virtually zero to nearly 1.5 million acres.

The U.S. biodiesel industry is an important market for canola producers, typically utilizing around one billion pounds of canola oil annually. The use of canola as a feedstock is based on the geographic location of the biodiesel production facilities in regions where canola is grown. Canola provides another feedstock option for biodiesel production that can be locally sourced in regions where other feedstocks are less prevalent or more costly.

Consistent with the intent of the RFS, canola biodiesel provides significant benefits to our national energy security, the environment, and the economy. Canola biodiesel is a domestically produced renewable fuel that displaces petroleum, reduces emissions and improves air quality, and provides jobs and additional economic benefits, especially in rural communities.

Biodiesel provides multiple energy, economic, and environmental benefits.

- It provides increasing volumes of a domestically produced, renewable energy source
- It provides significant reductions in greenhouse gas emissions resulting in improved air quality
- It has expanded markets for farmers and livestock producers and created new jobs and economic growth, particularly in rural America
- It is produced from a diverse range of feedstocks that are all co-products, by-products, or waste products

The U.S. biodiesel industry has provided these benefits without significant disruption or adverse impacts to consumers. There are no limitations on using biodiesel blends throughout the diesel fuel market and vehicles are not limited by increased volumes of biodiesel. U.S. farmers can produce more feedstock, U.S. biodiesel producers have unused capacity, there are no infrastructure impediments to modest volume increases and U.S. workers, consumers and the environment would benefit.

The National Biodiesel Board has shared with EPA their economic methodology, a global feedstock analysis and a capacity analysis all of which support higher volumes of biomass-based diesel. The biodiesel industry has always advocated for RFS volumes that are modest and achievable and has met or exceeded the targets each and every year that the program has been in place.

While EPA's Proposed Rule does increase biomass-based diesel volumes from 2.0 to 2.1 billion gallons from 2017 to 2018, the biodiesel industry can – and should – do more. Total utilization of biodiesel has already reached nearly 2.1 billion gallons in 2015 and is on pace to exceed that amount in 2016. EPA's proposed volume requirements for biomass-based diesel represent zero growth for the most commercially viable advanced biofuel. EPA should embrace biodiesel, given the greenhouse gas emissions reductions it provides, the fact that all of the biodiesel feedstocks are co-products/by-products/waste products, and there are no infrastructure or compatibility issues with biodiesel. By increasing the biomass-based diesel and total Advanced Biofuel volume requirements, EPA can maximize the benefits provided by biodiesel while still creating opportunities and competition to spur other feedstocks and Advanced Biofuels.

The EPA and the Administration are missing an easy opportunity to help the agriculture and rural economy while at the same time achieving greater greenhouse gas emissions reductions. By EPA's assessment, biodiesel achieves greenhouse gas emissions reductions ranging from 50% to 86% better than petroleum diesel. A case can be made that EPA's assessment are on the low-end of the universe of analyses on GHG benefits of biodiesel. However, even by EPA's measurement, 50-86% reductions are very significant. The significant GHG emission reductions achieved by biodiesel makes it hard to understand EPA's reluctance to embrace more aggressive biomass-based diesel RFS volumes. The Administration and EPA have repeatedly cited that reducing emissions is a priority and the energy sector has been a primary focal point in achieving this goal.

As demonstrated and detailed by the National Biodiesel Board in their comments, the U.S. biomass-based diesel industry has reduced fossil fuel use, which in turn reduces this country's dependence on foreign oil and the environmental impacts of fossil fuel production. In particular, biodiesel has reduced carbon emissions from the transportation fuel sector. Based on the mix of feedstocks utilized and the most updated life-cycle analysis, biodiesel now reduces CO₂

emissions by 81% relative to petroleum diesel and every 100 gallons of biodiesel that is substituted for an equivalent amount of petroleum diesel reduces CO2 emissions by 1 metric ton.

The jobs and economic impact of the biodiesel industry should also not be overlooked. A recent study conducted by LMC International on behalf of the National Biodiesel Board found that the U.S. biodiesel industry supported nearly 48,000 jobs nationwide in 2015 while supporting \$8.4 billion in economic impact across a wide variety of economic sectors and \$1.9 billion in wages paid. These impacts grow if production is expanded.

Given the many benefits that biodiesel provides, we think EPA should enthusiastically support more aggressive, but easily achievable, volume targets for biodiesel. An increase of biomass-based diesel volume requirements to 2.5 billion gallons in 2018 is achievable and warranted. There is idle domestic production capacity and ample, price competitive feedstock available to supply increased domestic biodiesel production.

In addition, we are experiencing increasing levels of imported biomass-based diesel. Imports of biomass-based diesel have increased every year from 2012 through 2015, and EPA indicates that there were over 560 million gallons of biomass-based diesel imports in 2015. Furthermore, the U.S. Energy Information Administration's Short Term Energy Outlook issued in June 2016 estimates 629 million gallons of biomass-based diesel imports in 2016 and 721 million gallons in 2017.

While the Proposed Rule does increase biomass-based diesel volumes, these proposed volumes are below the registered production capacity in the United States, no more than the amounts utilized in the U.S. in 2015 and less than the amounts expected to be utilized in 2016 and 2017.

The USCA is not advocating overly-aggressive, disruptive, or unachievable targets for biomass-based diesel. We are only advocating that the volumes for biomass-based diesel be increased to 2.5 billion gallons for 2018 instead of the 2.1 billion gallons proposed by EPA. Given the many benefits that biodiesel provides, we think EPA should enthusiastically support more aggressive, but easily achievable, volume targets for biodiesel.

Thank you again for the opportunity to provide these comments.

Respectfully yours,



Jeff Scott,
President, U.S. Canola Association