

Congress of the United States
Washington, DC 20515

November 4, 2015

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator McCarthy,

We write to express significant concern with the recently proposed 2016 Renewable Volume Obligations (RVO) under the Renewable Fuel Standard (RFS). The RVO as currently proposed would constitute a breach of the ethanol blendwall, which would cause adverse impacts on American consumers and the economy.

Congress expanded the RFS when it passed the Energy Independence and Security Act of 2007 (EISA). EISA mandated an annually increasing volume of biofuel to be blended and consumed in the nation's motor fuel supply, reaching 36 billion gallons of biofuels in 2022. In 2007, the market assumptions regarding the future of transportation fuels in the United States were very different from the realities of the market today. The Energy Information Administration (EIA) at the time projected motor gasoline demand to significantly rise through 2022¹. Since then, EIA has revised its 2007 projection of motor gasoline in 2022 downward by 27% and projects motor gasoline demand to continue to decline through 2035¹.

Increased fuel efficiency has led to shrinking gasoline demand. This current reality, coupled with an increasing biofuel blending level requirement, has exacerbated the onset of the E10 blendwall—the point at which the gasoline supply is saturated with the maximum amount of ethanol that the current vehicle fleet, marine and other small engines, and refueling infrastructure can safely accommodate. We agree with the EPA's conclusion in its first RVO proposal for 2014 and in its current proposal for 2014, 2015, and 2016 that the E10 blendwall is a binding constraint.

We are gravely concerned, however, that despite the Agency's recognition of the blendwall, the 2016 proposal acknowledges that it will be breached nonetheless. Specifically, EPA states that the 2016 RVO “includes volumes of renewable fuel that will require either ethanol use at levels significantly beyond the level of the E10 blendwall, or significantly greater use of non-ethanol renewable fuels than has occurred to date.”²

¹ Energy Information Administration, *Annual Energy Outlook 2007-2015*, Reference Case Table 11

² Federal Register, Vol. 80, No. 111, Wednesday, June 10, 2015, Proposed Rules (p.33102), *EPA Renewable Fuel Standard Program: Standards for 2014, 2015, and 2016 and Biomass-Based Diesel Volume for 2017; Proposed Rule*

Multiple studies have shown detrimental economic harm may be caused by breaching the E10 blendwall. A 2014 report on the RFS by the nonpartisan Congressional Budget Office concluded that requiring the volumes of biofuel in EISA, which would breach the blendwall, could increase the price of E10 gasoline by up to 26 cents per gallon³. NERA concludes in a July 27, 2015 study that "higher gasoline prices leave consumers with less disposable income⁴", further hindering economic growth. An RFS study by Charles River Associates concurs: "The result [of exceeding the blendwall] will be limited availability, higher consumer costs, and fewer sales of conventional transportation fuels⁵." This adverse economic harm falls hardest on America's lower income families.

EPA acknowledges that its 2016 RVO proposal would require significant greater use of E15 and E85 in order to meet the proposed mandate in 2016. Therefore, this proposal is problematic not only in principle, but it is also impractical since it would take decades, not months, to build out the compatible vehicle fleet and install the necessary retail infrastructure to accommodate the higher blends of ethanol. AAA calculates that only 5% of the vehicles on the road are approved to use E15⁶ and the EIA calculates that only 6% of vehicles can use E85⁷. The refueling retail infrastructure is even more limited with only 2% of retail stations selling E85⁸ and only 100 stations nationwide selling E15⁹.

Congress will continue its work toward a bipartisan solution to deal with the RFS. As this work continues, it is critical that EPA use its statutory authority to waive EISA's conventional biofuel volume to keep the blending requirements below the E10 blendwall, and to help limit the economic and consumer harm this program has already caused.

Sincerely,



Bill Flores
Member of Congress



Peter Welch
Member of Congress



Bob Goodlatte
Member of Congress



Jim Costa
Member of Congress



Steve Womack
Member of Congress

³ Congressional Budget Office, *The Renewable Fuel Standard: Issues for 2014 and Beyond* (June 2014)

⁴ NERA Economic Consulting, *Economic Impacts Resulting from Implementation of RFS2 Program* (July 2015)

⁵ Charles River Associates, *Impact of the Blend Wall Constraint in Complying with the Renewable Fuel Standard* (November 2011)

⁶ American Automobile Association, Press Release "New E15 Gasoline May Damage Vehicles and Cause Consumer Confusion" (December 2012)

⁷ Energy Information Administration, *Annual Energy Outlook 2014*

⁸ Fuels Institute, *E85: A Market Performance Analysis and Forecast* (2014)

⁹ Renewable Fuels Association data (www.ethanolrfa.org)

Jeff Pearson

Tom Barletta

Bob Bry

Glenn Thompson

Steve Kessel

Thomas Chica

Jim Heck

Gary Johnson

Jim Bidenstine

Tom Zick

Bill Posey

Rob Boff

Phm

Bruce Western

Mindy McCarl

Art Rine

Jacqueline Castro

Don B. Lorie

Robert Dald

Not Panger

D.C. Co

Robert A. Verne

Maria Miller

Kim B. [unclear]

Thomas Massie

Will Hurd

Tyler Neff

Tom Loe

Barbara Comstock

Charles J. Elwell

St. Z. [unclear]

Gregg Harper

Gregg Harper

Diana Lavin

Al. Hanna

Mr. [unclear]

Ryan Costello

Denny Heck

D-d Rouzer

Joseph R Pitts

Scott Rigell

M V

Travis

Sam B. M'Neil

Paul J. Schmitt

Oscar Rose

Pete King

Jill Miller

Mark V. Anderson

Dan Bort

Fred Minster

John Ratcliffe

Ch. Stewart

Paul Rogers

Don Brink

Rita W. Allen GA-12

Leslie S. Galt

Barry K. Weber

Sam Holby

Pat M. White

Pauline L. Grand

Eric H. Jenkins

Glen Grothman

Joe Joe

Fred Vele

Myra Pompeo

John D. Clark

Earl L. Buddy Carter

Nichol Hudson

Mike Bishop

Debbie

Devin Nunn

Laird Lunkel

Kay Stanger

Jaime Herrera Beutler

Mark McSally

Hy-Her

Renee Elia

Mo Brooks

Paul Cook

Keith J Rothfus

Blake Funtkelet

~~John~~

W. M. G. VA-9

Dwaine Black

Markwayne Mullin

Alex X. Mooney

D. Amodeo (AR-2)

Chin Collins (NY-27)

Keith

CPA

Sally Lang
Hassid

Ji Jadar

Judy Rice

Andy Barr

Greg Campbell

Paul Hahn TX-19

Robert Williams

Dan Ammann

Raul R. Labrador

Chris Kelly

Zu Zhi NY-01

Doug Collins GA-9

CW Bandy a

DL

Trey Gandy

Brian R. Winters

Midland

Rob Woodall

R. B. Taylor

Joe Barton

John Barte

Sen. M. Bilirakis

Pete Olson

Mark Sanford

Jeff Sessions

Pete Dwyer

Andre Cusack

John H. Johnson

Dwight Walcott

D. J. G.

Chell R.



Lynn Whitbeck

Mac Thayer

Hy Cuellar
Charles W Dent

John Henshaw

Joe Wilson

Scott Garrett

Bob Sessing

Kevin Schmitt

Harsha Blackburn

Bill Sum

Paul H

Dan Rosten

Sam Johnson

Ed Royce

Mike Sp

Ken Men

Ruben Hinojosa

Gr Butten
PP Miller

Ken Young

Steve Seals

Walter B. Jones

Virginia Fox

Shahid

Paul Smith

Lamar Smith

Austin Scott

Frank A. LoBiondo

J. M. Chas

John H. Hanger

Jeff Hines

Leonard Lance

John Culberson

Doug Latham

AMM

Mike Hulse

Tim Murphy

Ann Hunt

Steve Fenn

Ken Fianks
Tom Reed NY 23

Mike Callan

James H. W1-05

Sept Le Funt

Robert J. Williamson

Bruce Soliquin

Kurt Schuder

Cynthia P. Lummis

Jim Waller

Tom Graves

Ben R. Luv

Er Gb

Dra Green

4. 7/1/10

Page 3	
Jeff Duncan	Ryan Zinke
Lou Barletta	Bill Posey
Bradley Byrne	Rob Bishop
Glenn Thompson	Robert Hurt
Steve Russell	Bruce Westerman
Tom Price	Michael T. McCaul
Joe Heck	Garret Graves
Gary Palmer	Joaquin Castro
Jim Bridenstine	Mia B. Love

Page 4	
Robert J. Dold	Tom Rice
Robert Pittenger	Barbara Comstock
Dennis A. Ross	Charles J. "Chuck" Fleischmann
Robert Aderholt	Cedric Richmond
Mimi Walters	Barry Loudermilk
Kevin Brady	Gregg Harper
Thomas Massie	Brian Babin
Will Hurd	Richard Hanna
Doug LaMalfa	Ron DeSantis

Page 5	
Ryan Costello	David P. Roe
Denny Heck	Peter King
David Rouzer	Jeff Miller
Joseph R. Pitts	Mark E. Amodei
Scott Rigell	Dave Brat
Marc A. Veasey	Frank Guinta
Scott DesJarlais	John Ratcliffe
David B. McKinley	Chris Stewart
David Schweikert	Steven M. Palazzo

Page 6	
Dan Benishek	Mario Diaz-Balart
Rick Allen	Filemon Vela
Ted Yoho	Mike Pompeo
Randy K. Weber, Sr.	Patrick Meehan
George Holding	Earl L. "Buddy" Carter
Tom MacArthur	Richard Hudson
Paul Gosar	Mike Bishop
Evan Jenkins	David Valadao
Glenn Grothman	Devin Nunes

Page 7	
Lois Frankel	Blake Farenthold
Kay Granger	Steve Knight
Jamie Herrera Beutler	H. Morgan Griffith
Martha McSally	Diane Black
John Katko	Markwayne Mullin
Renee Ellmers	Alexander X. Mooney
Mo Brooks	French Hill
Paul Cook	Chris Collins
Keith Rothfus	Scott Perry

Page 8	
Christopher P. Gibson	Dan Newhouse
Billy Long	Raul R. Labrador
Andy Harris	Mike Kelly
Jim Jordan	Lee Zeldin
Jody Hice	Doug Collins
Andy Barr	Charles W. Boustany, Jr.
Carlos Curbelo	Trent Kelly
Randy K. Neugebauer	Trey Gowdy
Roger Williams	Bradley Wenstrup

Page 9	
Eric A. "Rick" Crawford	Peter DeFazio
Rob Woodall	Ander Crenshaw
Richard Nugent	John Fleming
Joe Barton	Gregg Walden
John Carter	David W. Jolly
Gus M. Bilirakis	Chellie Pingree
Pete Olson	John Mica
Mark Sanford	Lynn Westmoreland
John J. Duncan, Jr.	Mac Thornberry

Page 10	
Henry Cuellar	Darrell E. Issa
Charles W. Dent	Dana Rohrabacher
Jeb Hensarling	Sam Johnson
Joe Wilson	Edward R. Royce
Scott Garrett	Michael K. Simpson
Pete Sessions	Kenny Marchant
Louie Gohmert	Ruben Hinojosa
Marsha Blackburn	G. K. Butterfield
Bill Shuster	Rodney P. Frelinghuysen

Page 11	
Don Young	Tom McClintock
Steve Scalise	Michael C. Burgess
Walter B. Jones	Matt Salmon
Virginia Foxx	Leonard Lance
Steve Chabot	John Abney Culberson
Christopher H. Smith	Doug Lamborn
Lamar Smith	Ted Poe
Austin Scott	Mick Mulvaney
Frank A. LoBiondo	Tim Murphy

Page 12	
Duncan Hunter	Kurt Schrader
Stevan Pearce	Cynthia Lummis
Trent Franks	Tim Walberg
Tom Reed	Tom Graves
Mike Coffman	Ben Ray Lujan
F. James Sensenbrenner	Tom Cole
Stephen Fincher	Gene Green
Robert J. Wittman	K. Michael Conaway
Bruce Poliquin	