

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
2125 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6115

Majority (202) 225-2927  
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**MEMORANDUM**

**June 20, 2018**

**To: Subcommittee on Environment Democratic Members and Staff**

**Fr: Committee on Energy and Commerce Democratic Staff**

**Re: Hearing on “Advanced Biofuels Under the Renewable Fuel Standard: Current Status and Future Prospects”**

On **Friday, June 22, 2018, at 9:15 a.m. in room 2322 of the Rayburn House Office Building**, the Subcommittee on Environment will hold an oversight hearing entitled, “Advanced Biofuels Under the Renewable Fuel Standard: Current Status and Future Prospects.”

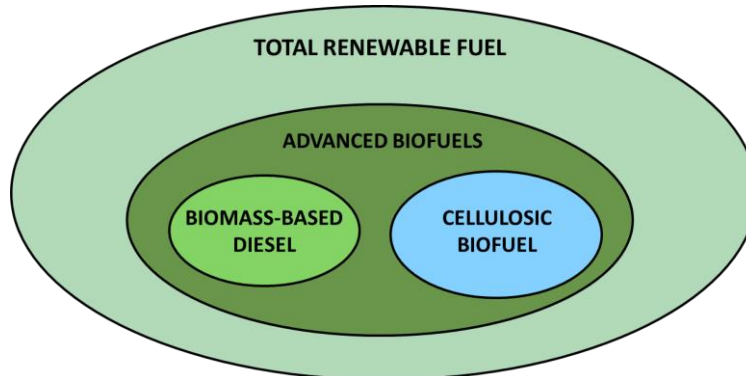
**I. BACKGROUND**

The Environmental Protection Agency (EPA) establishes renewable volume obligations (RVOs) annually for renewable fuels under the Renewable Fuel Standard (RFS) program. EPA specifies the number of gallons for conventional biofuels (e.g. ethanol produced from corn starch) and those within the advanced biofuels categories. Advanced biofuels are fuels that have life-cycle greenhouse gas emissions 50 percent lower than baseline emissions from conventional transportation fuel. Advanced biofuels include ethanol produced using materials other than corn starch (e.g. cellulosic material; waste biomass), biogas, butanol or other alcohols produced from biomass, and biodiesel. For more background on the RFS program and its requirements, see the memorandum for the Subcommittee hearing held on June 22, 2016.<sup>1</sup>

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<sup>1</sup> Memorandum from Democratic Staff to Democratic Members of the House Committee on Energy and Commerce, Subcommittee on Energy and Power Hearing, entitled *The Renewable Fuel Standard – Implementation Issues* (Jun. 22, 2016) (democrats-energycommerce.house.gov/sites/democrats.energycommerce.house.gov/files/Dem-Memo-EP-RFS-Hrg-062216.pdf).

**Figure 1: Nested Renewable Fuel Categories under the RFS<sup>2</sup>**



## **II. ADVANCED BIOFUEL PRODUCTION AND THE RFS**

When Congress expanded the RFS program in 2007, it set annual volume requirements for most fuel categories through 2022, with advanced biofuels making up a greater proportion of the total renewable fuel requirement over time. However, development and production of advanced biofuels has been slower than anticipated in 2007, and in recent years, EPA has relied on waiver authorities to adjust requisite volumes to account for projected supplies and consumer demand.<sup>3</sup> For example, in 2018 the statutory volume for advanced biofuels is 11 billion gallons, with 7 billion gallons made up by cellulosic biofuels.<sup>4</sup> However, the final rule issued by EPA in December 2017, established an advanced biofuels volume requirement of only 4.29 billion gallons and a cellulosic volume requirement of 288 million gallons.<sup>5</sup>

Several factors have combined to delay the development of cellulosic and other advanced biofuels. Lower demand and smaller demand growth rates for liquid transportation fuels affected the entire fuel market, and led to a difficult investment climate for advanced biofuels. The ethanol required to produce the dominant transportation fuel, gasoline blended with ten percent ethanol (E10), can be met by blending conventional ethanol. This leaves little market share for advanced biofuels. Moreover, consumer and industry resistance to fuel with higher than ten percent ethanol in some regional markets, on-going concerns about use of fuels with higher ethanol blends in older vehicles, and slow transition to new equipment by fuel vendors have created challenges to the marketing of fuels with higher ethanol blends. And, the requirement for fuels to meet a specific Reid Vapor Pressure standard prevents higher blends of ethanol (e.g. E15) from being sold year-round even in regions where higher blend fuels are in demand. In

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<sup>2</sup> *Id.*

<sup>3</sup> 42 U.S.C. § 7545(o)(7)(A)-(D).

<sup>4</sup> *Id.* at (2)(B)(i)(I)-(III).

<sup>5</sup> Environmental Protection Agency, *Renewable Fuel Standard Program: Standards for 2018 and Biomass-Based Diesel Volume for 2019*, 82 Fed. Reg. 58486 at 58487 (Dec. 12, 2017) (final rule).

addition, some stakeholders cite delays in EPA rulemakings to set annual RVOs and in approval of new fuel pathways as factors in slowing adoption of new advanced biofuels.<sup>6</sup>

The category of advanced biofuels that has grown to fulfill the mandated volumes is biodiesel. Biodiesel production and its market have grown and its production accounts for much of the mandated volumes of advanced biofuels for the RFS.

EPA continues to rely on its waiver authorities to adjust volumes of total renewable fuels and individual advanced biofuels in setting annual requirements under the program. Recently, EPA's use of its authority to extend waivers to small refineries has led to concerns in the renewable fuel industry that EPA has used the waivers to undercut the market for all renewable fuels.<sup>7</sup>

### **III. WITNESSES**

The following witnesses have been invited to testify:

**Michael McAdams**

President  
Advanced Biofuels Association

**Robin Puthusseril**

Vice President  
Greater Chicago I-55 Truck Plaza  
*On behalf of the National Association of Truck Stop Operators (NATSO)*

**Derrick Morgan**

Senior Vice President  
American Fuel and Petroleum Marketers

**Luke Morrow**

Managing Director  
Morrow Energy

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<sup>6</sup> Congressional Research Service, *The Renewable Fuel Standard (RFS): An Overview*, at 9 (R43325) (Jan. 24, 2018) ([www.crs.gov/Reports/pdf/R43325?source=search&guid=928ec1940207442ea4a3cde918366c13&index=1](http://www.crs.gov/Reports/pdf/R43325?source=search&guid=928ec1940207442ea4a3cde918366c13&index=1)).

<sup>7</sup> *U.S. ethanol groups bristle as EPA frees refiners from biofuels law*, Reuters (Apr. 4, 2018) ([www.reuters.com/article/us-usa-biofuels-epa-refineries/u-s-ethanol-groups-bristle-as-epa-frees-refiners-from-biofuels-law-idUSKCN1HB2AH](http://www.reuters.com/article/us-usa-biofuels-epa-refineries/u-s-ethanol-groups-bristle-as-epa-frees-refiners-from-biofuels-law-idUSKCN1HB2AH)).

**Randy Howard**  
Renewable Energy Group  
National Biodiesel Board

**Brooke Coleman**  
Executive Director  
Advanced Biofuels Business Council

**Collin O'Mara**  
President  
National Wildlife Federation