



April 5, 2013

Mr. Robert Perciasepe
Acting Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, D.C., 20460

Dear Acting Administrator Perciasepe:

As national science, environmental, and development organizations we are pleased to provide joint comments on Environmental Protection Agency (EPA) Docket No. EPA-HQ-OAR-2012-0546 "Regulation of Fuels and Fuel Additives: 2013 Renewable Fuel Standards" that was published in the Federal Register on February 7, 2013. Representing millions of members, our groups share a focus on fighting global warming, protecting human health, preserving natural habitats, and advocating for clean energy. We believe that setting appropriate volumes for the Renewable Fuel Standard (RFS) is critical to achieving these goals. In addition to these joint comments, individual organizations will submit more detailed comments concerning areas specific to their expertise.

The current rulemaking for the RFS, together with the next several rulemakings leading up to 2015, initiate a new phase of the RFS. Starting in 2013, the growth in volume mandates becomes increasingly discretionary, with the fastest growing share coming from EPA's decisions about whether to replace the shortfall in cellulosic biofuels with larger mandates for advanced biofuels. EPA must ensure that any discretionary enlargement of the volumetric targets for non-cellulosic advanced biofuels in 2013 and beyond is based on a thorough scientific understanding of the impacts of mandate levels beyond those analyzed as part of the 2010 rulemaking (EPA Docket No. EPA-HQ-OAR-2005-0161 "Regulation of Fuels and Fuel Additives: Changes to Renewable Fuel Standard Program").

This rulemaking provides EPA with the opportunity to determine whether the RFS continues to target 36 billion gallons of biofuels in 2022, or adopts a more judicious administration of the RFS policy framework, with a mandate floor that grows to 20 billion gallons in 2022 plus cellulosic biofuel production. While EPA has the discretion to expand non-cellulosic advanced mandates beyond the levels analyzed in 2010, such a discretionary expansion must take into consideration all the goals and criteria set forth in section 211 (o)(2)(B)(ii) of the Clean Air Act, which include the impact on; climate change, ecosystems, wildlife habitats, infrastructure, the price and supply of agricultural commodities and food prices, and can only be made if the benefits outweigh the costs. Continuing to target 36 billion gallons of biofuels will lead to perverse environmental and economic consequences that are not in harmony with the climate, energy security, economic, and other goals of the RFS.

Therefore, EPA should:

- **Set the non-food cellulosic mandates at a level consistent with projected production for 2013 and limit the expansion of food-based advanced biofuels** by reducing the overall and advanced mandates by the same amount as they reduce the cellulosic biofuel mandate.
- **Analyze the aggregate impact of any discretionary mandate growth on trade flows, food prices, converting native grasslands, and deforestation.** The EPA's 2010 determinations of greenhouse gas (GHG) benefits for non-cellulosic advanced biofuels including biodiesel made from soybean oil and animal fats, and ethanol made from sugar, are based on volume projections that assume that advanced volumes do not replace cellulosic mandates. Higher volume mandates will add additional demand to already strained markets for the underlying feedstocks and impact food and agricultural markets—and, by extension, land use—in a manner that is qualitatively different than what was modeled in 2010. Therefore any decision to mandate higher levels requires new analysis.
- **Avoid additional shocks to global markets for vegetable oils and fats, including palm oil, resulting from a discretionary mandate expansion.** Because the primary US production regions for corn and soybeans are still in the midst of drought, prices remain high and stocks are low, so additional demand for soybeans will be met indirectly by increased substitution of palm oil for other fats and oils elsewhere in the global marketplace. The net effect will not meet the 50% GHG reduction (accounting for significant indirect effects) requirement for advanced biofuel.
- **Limit volume mandates to minimize circular trade and fuel shuffling.** Under current market conditions, additional U.S. imports of Brazilian sugarcane ethanol will reduce Brazil's ability to meet growing demand from domestic markets and the rest of the world. Brazilian production over the last three years has struggled to meet domestic demand. Recent analysis by Meyer and Thompson and OECD/FAO suggest the Brazilian market will substitute more gasoline and imported corn ethanol in response to greater exports to the US. The net effect of expanded demand (accounting for significant indirect effects) will not meet the 50% GHG reduction threshold for advanced biofuels. Limiting the growth of volume mandates would reduce this counterproductive fuel shuffling and reduce emissions leakage.
- **Not raise discretionary mandates until infrastructure constraints have been resolved.** US infrastructure is already stretched to assimilate the larger volumes of ethanol associated with RFS mandates of 20 billion gallons or more. Accelerating the transition beyond E10 will be counterproductive.
- **Reevaluate its approach to aggregate compliance.** The current approach is already problematic, because of the lack of transparency around the data and methodology being used, and with the additional pressure put on US cropland, it will get worse.

Thank you for the opportunity to provide comments. We hope that our remarks provide useful guidance for EPA's final decision.

Sincerely,

Actionaid
Clean Air Task Force
National Wildlife Federation
Natural Resources Defense Council
Union of Concerned Scientists