

**Testimony of  
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**2014 Standards for the Renewable Fuel Standard Program**

**EPA-HQ-OAR-2013-0479  
Public Hearing**

**December 5, 2013  
Washington, DC**

Thank you for the opportunity to testify today. My name is Jeremy Martin and I am a Senior Scientist working on biofuels for the Clean Vehicles Program at the Union of Concerned Scientists (UCS). UCS is the nation's leading science-based nonprofit putting rigorous, independent science to work to solve our planet's most pressing problems.

On behalf of UCS's more than 350,000 supporters, and network of more than 17,000 scientists, engineers and public health professionals, UCS strongly supports the oil saving and climate goals of the Renewable Fuel Standard (RFS). We are encouraged to see the Environmental Protection Agency (EPA) use its authority to administer the RFS in a flexible manner. However, the proposed 2014 Renewable Volume Obligation (RVO) is just the first step to putting our biofuels policy on the right track to deliver on its long term oil saving and climate goals.

The 2014 RVO reflects a clear reality: The existing road map guiding the RFS is obsolete. The 18 billion gallon target for 2014 and the 36 billion gallon target for 2022 are no longer plausible, and without more realistic goals the policy creates rather than reduces uncertainty. The 2014 RVO proposal wisely grapples with the real challenges facing the implementation of the policy in the near term, particularly the infrastructure constraints. But while slowing down and proceeding with caution is well warranted, the EPA's proposal cuts too deep, threatening to stifle the investment required to realize the long terms goals of the RFS. The final 2014 RVO should carefully balance near term challenges with the need to make progress on the oil saving and climate goals of the policy.

We will submit more detailed technical comments on several points later, but today I will specifically address the E85 assessment and suggest a path forward beyond the 2014 RVO.

The proposed RVO underestimates the ability of the existing infrastructure to distribute biofuel. The ethanol blending challenges are real, but with 15 million flexible fuel vehicles (FFVs) on the road and

more than 2000 E85 pumps, the physical infrastructure to use as much as a billion gallons of additional ethanol as E85 is already there. The barrier to using this infrastructure has been the pricing of E85. But the RFS can, has and should influence the pricing of E85 through the functioning of the Renewable Identification Number (RIN) mechanism. RIN prices will alter fuel prices at existing E85 stations rapidly, and over time expanded consumer demand for E85 will support investment in additional fueling infrastructure. In parallel, RIN prices will support investment in the production of competing alternatives like drop in biofuels. All of these changes are needed to realize the oil saving and climate goals of the RFS. But for this process to work effectively, the market must have confidence in the future mandates over multiple years, including 2014 and beyond.

Confidence in future mandate levels will not be secured if EPA takes the passive approach to determining the waiver levels that has been proposed – in effect guessing what level of use would prevail in the absence of a binding mandate, and then setting the mandate at this level. This passive approach will ensure that it is *never* the right time to make a multi-year investment in advanced or cellulosic biofuel production capacity, or in fuel distribution infrastructure, and will make the failure of the RFS a self-fulfilling prophecy. The blending constraints are real, so the schedule must be adjusted, but the adjustments should provide predictable and steady growth over the long term to keep moving us toward the oil saving and climate goals of RFS.

The RFS was designed with a roadmap out to 2022 to provide precisely the long term policy stability that would facilitate investments that will change our fuel production and distribution infrastructure. But with the approach EPA proposes in the 2014 RVO, the policy will no longer provide that stability. Tweaks to the 2014 RVO, while needed, are not adequate to address this challenge. Rather, EPA needs to revise the mandates for the next decade of the RFS, at least out through 2022 and perhaps further. EPA is already obliged to make some of these schedule adjustments in light of past waivers, but we urge EPA to seize the opportunity to lay out a realistic road map that will reduce uncertainty in the next phase of the RFS implementation.

The EPA should finalize a revised 2014 RVO expeditiously, and when it does it should open an off-cycle rulemaking to update the mandate levels between 2016 and 2022. This rulemaking should look more broadly at the implications of different mandate levels for food prices, trade, land use, climate, and fuel distribution infrastructure, and set ambitious but realistic targets for the 2016 to 2022 timeframe.

An up-to-date roadmap will make the annual RVO process more predictable and provide the stability that will support the investments needed to ultimately deliver on the oil saving and climate goals of the RFS.

On behalf of UCS and all our supporters, I urge you to finalize the 2014 RVO expeditiously, and open an off-cycle rulemaking to update the mandate levels between 2016 and 2022. Thank you for the important work you are doing to protect human health, clean our air, and create a more sustainable future for us all.