Good Morning. My name is Ron Lamberty, and I am Senior Vice President of the American Coalition for Ethanol (ACE). I’m here today to offer support of EPA’s effort to enact a legally-defensible rule providing RVP relief to ethanol blends higher than 10 percent, while voicing strong opposition to nearly everything else in the proposed rule. If the primary goal of this rule is to allow the sale of E15 year-round, it makes no sense to offer a proposal destroying any possible gains with limits on who can blend E15, and RIN [Renewable Identification Number] reforms which are incompatible with that goal. ACE continues to encourage EPA to separate these unrelated matters, discard of RIN reforms, and issue the final rule by June 1.

Doing so, would give E15 retailers the ability to avoid the pointless stop-and-start dance they have been forced to perform for the previous seven summer driving seasons. The unnecessary changes in product availability and labeling currently required each June and September — changes which prevent stations from offering a more environmentally friendly, higher octane, lower cost fuel, during the busiest time of the year — have been a major roadblock preventing gas station and convenience store owners and operators from offering E15. The fact thousands of other retailers are willing to jump through EPA’s hoops each spring and fall is testament to how valuable E15 is to those businesses and their customers.

We are pleased that in this rule, EPA points out the final 1989 rule stated that in order to receive the 1-psi waiver, “gasoline must contain at least 9% ethanol (by volume)” and “EPA did not place limits on the upper bound of the ethanol content, other than by providing... that the ethanol content shall not exceed any applicable waiver conditions under The Clean Air Act Sec. 211(f)(4). At the time, the maximum ethanol content was 10 percent. We encourage EPA to simply return the rule to its original intent, which would allow the 1-pound waiver to apply to E15 today and accommodate a higher octane higher ethanol blend if one were to be approved in the future.
Opponents of this rule will no doubt continue to mischaracterize this proposed change as loosening environmental standards, so we are pleased that in its analysis of the rule change, EPA acknowledges E15 would be “held to the same gasoline volatility standards that currently apply to E10,” and would have “substantially the same level of emissions performance as E10 since E15 made from the same CBOB during the summer would have slightly lower RVP than E10 and would be expected to have similar emissions performance.”

Ironically, my notes include comments about EPA’s RIN proposals that are identical to API’s comments. EPA’s RIN proposal is a solution in search of a problem that doesn’t exist, as EPA itself has acknowledged it has no evidence that the ethanol RIN market has been manipulated. In fact, the only market manipulation we have seen has centered on EPA’s issuance of Small Refinery Exemptions (SREs).

Unfortunately, the proposed changes to blending and RIN trading proposed in this rule would create new challenges for retailers and blenders, removing incentives for those who have invested in blending infrastructure and turning control of the RFS back to those who have refused to take action to comply with the rule over almost a decade and a half since the RFS became law. Small businesses have invested hundreds of millions of dollars in infrastructure to do the blending some refiners say they can’t do, and RINs are the way those small businesses get paid for performing those services for refiners. In effect, EPA would order small businesses to spend their money to do the blending for refiners who refuse to obey the law, and then hand over those credits at a price controlled by the refiners. But those retailers may not even be able to generate those RINs, because proposed prohibition of blending E15 using E85 made with natural gasoline would make it impossible for many current E15 retailers to continue to economically buy E85 and sell less expensive fuels like E15 to their customers.