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Air and Radiation Docket and Information Center
Environmental Protection Agency
Mailcode 2822T
1200 Pennsylvania Avenue, NW.
Washington, DC 20460

Re: **Docket ID No. EPA-HQ-OAR-2016-0004**
Renewable Fuel Standard Program: Standards for 2017 and Biomass-Based Diesel
Volume for 2018

API appreciates the opportunity to comment on the proposed rulemaking for the 2017 Renewable Fuels Standard (RFS). The American Petroleum Institute (API) is the only national trade association that represents all aspects of America's oil and natural gas industry. Our 650 corporate members, from the largest major oil company to the smallest of independents, come from all segments of the industry. They are producers, refiners, suppliers, marketers, pipeline operators and marine transporters, as well as service and supply companies. They provide most of the nation's energy and are backed by a growing grassroots movement of more than 30 million Americans. As refiners and importers of transportation fuels, our member companies are obligated parties under the RFS program and subject to its requirements. The RFS mandate is unworkable, and API leads a chorus of diverse interests calling on Congress to repeal it.

API's primary concern with the RFS is the ethanol blendwall. There are serious vehicle and infrastructure compatibility issues with ethanol blends above 10%. Gasoline demand increases projected at the inception of the RFS have not materialized, nor has the commercialization of cellulosic biofuels at the rate Congress envisioned. The statutory volumes set for the Energy Independence and Security Act of 2007 are unattainable and maintaining these volumes could result in fuel supply disruptions that damage our economy. Congress provided EPA with waiver authority and we are encouraged that EPA has again proposed to exercise its waiver authority to reduce the 2017 volumes, thereby avoiding the potential negative impacts on America's fuel supply and preventing harm to American consumers.

We remain concerned that EPA is proposing a standard that causes ethanol to exceed 9.7% of the gasoline pool. A standard of approximately 9.7% or below is needed to ensure a fungible RIN market, and to preserve a market for consumers that choose E0, or clear gasoline. Strong consumer demand for E0 continues to exist, as demonstrated in EIA data that show E0 demand was 5.3 billion gallons in 2015. EPA standards should preserve the ability for boaters, motorcyclists, classic car owners and other consumers to choose E0.

Reliance on the proliferation of higher ethanol blends, such as E15 and E85 will not solve the blendwall problem. Despite significant incentives offered to every part of the supply chain, motorists have largely rejected E85. There are vehicle and infrastructure compatibility issues with both E15, and E85. Only flexible fuel vehicles can use E85 and only flexible fuel vehicles and a small fraction of existing vehicles were designed and warranted to tolerate E15. It is not reasonable for EPA to assume any significant near-term ethanol volume increases from the use of E15 or E85.

EPA does not have an acceptable model for predicting cellulosic production capacity and the time it takes to ramp-up production. Rather than accepting the aspirational projections from producers, API continues to recommend EPA use actual demonstrated production, and demonstrated ramp-up rates.

Finally, it is important to note that API opposes moving the point of RFS obligation. Moving the point of obligation will add greater complexity and uncertainty to an already flawed program, and accordingly we urge EPA to continue to reject the efforts by some to move the point of obligation.

We recognize that EPA has the unenviable task of implementing a broken RFS program. EPA's proposal to reduce the RFS volumes in 2017 from the unattainable statutory levels is appropriate and necessary to avoid the potential near-term economic harm. Until Congress repeals or significantly reforms the RFS, EPA must continue to address the outdated volume requirements by exercising its waiver authorities. However, in its most recent proposal, EPA falls short of reducing the volumes adequately. We urge EPA to set its final 2017 RFS at or below 9.7% ethanol in gasoline, an amount that allows for E0 sales and recognizes the vehicle and infrastructure constraints that limit E15 and E85.

API and our member companies appreciate the opportunity to comment on this proposed rule. If you have any questions or concerns, please contact me at (202) 682-8167.

Sincerely,



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