

Good morning and thank you for joining our call.

As the EPA prepares the final volumes for 2019 under the RFS mandate, we remind policymakers that this mandate is broken and should be repealed or significantly reformed. In the meantime, API urges the EPA to keep RFS volumes at a low enough level to avoid a potential breach of the blend wall.

One of the original purposes of the RFS, to develop a commercially viable supply of cellulosic biofuel, has not come to fruition. At the same time, the program's aim to reduce U.S. reliance on imported crude oil is being accomplished by surging domestic production of oil and natural gas, transforming the U.S. from a nation of energy dependence and scarcity to one of energy security and abundance.

The RFS mandate could force higher levels of ethanol into the market than most vehicles were designed to accommodate, putting vehicle systems at risk. Today, most gasoline contains 10 percent ethanol by volume. However, if the RFS requirements continue to be implemented, our nation could exceed this level of ethanol in the fuel mix.

Automakers have warned these increased blends of ethanol could harm engines and fuel systems and potentially impose costly repairs on consumers that are not covered by warranties. Three out of four vehicles in the U.S. fleet were not built to use E15, including many model year 2018 vehicles, and this fuel is not compatible with motorcycles, boats, lawn equipment and ATVs. Congress provided EPA with waiver authority that should be used to reduce the RFS volumes and avoid the potential negative impacts on America's fuel supply and prevent harm to American consumers. The American public is not seeking these higher ethanol blends such as E15 or E85. And the proof of that is that even after 25 years, E85 demand is only about one-tenth of one percent of gasoline sales. One reason for this is that on an energy cost basis, ethanol has cost more than gasoline because it has 30 percent less energy than gasoline.

To be clear – we are not opposed to ethanol. However, we are opposed to a mandate that pushes higher levels of ethanol into the fuel mix based on a mandate that is outdated and broken. The result is a bad deal for consumers.

Additionally, we believe that the biomass-based diesel volumes in this proposal should be reduced from 2.43 billion to a volume that is reasonable and achievable in light of past annual domestic biodiesel production.

In closing, the proposed volumes are just another example of a broken government program. We continue to believe the best solution to fix the RFS is comprehensive legislation that must include a sunset of the program in 2022.

We continue to urge lawmakers to work together to find meaningful and long-term solutions that address the potential harm that the RFS could bring to the nation's consumers through higher energy costs and damage to the engines in their vehicles.

Thank you again for the opportunity to discuss these issues, and I am happy to answer any questions you have.