

## **RFS final volumes 2019**

**Frank Macchiarola, API Vice President, Downstream**

Good morning and thank you for joining our call.

Every Fall the EPA releases its final Renewable Fuel Standard volumes, providing an annual reminder to consumers that the RFS is backward-looking policy that does not reflect today's energy market realities. As the agency calculates ethanol volumes for 2019 and biodiesel for 2020 under the RFS, consumers need to know that the EPA's increasing biomass-diesel and the overall biofuels volumes is an example of government putting its thumb on the scale, picking winners and losers. Consumers are the biggest losers as this proposal will likely threaten to breach the blend-wall and push us closer to a situation in which potentially incompatible higher ethanol blends proliferate fuels markets.

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 void car warranties. Testing found that higher ethanol blends, such as [E15](#), could harm engines and fuel systems and potentially impose costly repairs on consumers. Nearly 75 percent of the vehicles in the U.S. fleet were not built for E15, and this fuel is not compatible with motorcycles, boats, lawn equipment, and ATVs.

Implementing this broken program year-after-year is not a forward-looking energy strategy. The RFS mandate was established over a decade ago to expand our use of renewable fuels while reducing reliance on imported oil. Since then, the United States has undergone a transformation from a nation of energy dependence and scarcity to one of energy security and abundance. America has significantly increased domestic crude oil production and transitioned from a net importer of refined petroleum products to a net exporter. Bad policies, like the RFS, threaten this progress.

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However, we are opposed to a mandate that pushes higher levels of ethanol into the fuel mix based on a mandate that is outdated and broken.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.

Without action from Congress, we call on the EPA to limit the effects of this broken program, and we urge the agency to set its final 2019 RFS obligations for ethanol at or below 9.7 percent of gasoline demand, an amount that allows for E0 sales and recognizes the vehicle and infrastructure constraints that limit the ability to use E15 and E85. EPA should also continue to reject efforts by some to reallocate volumes from small refinery exemptions onto the backs of those who comply with the program.

The reality is market forces, technological innovations and investments by the oil and gas industry have combined with increased domestic crude oil production to render the RFS outdated.

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 repairs to their engines.

Thank you, and now I'll be happy to take any questions you have.