Good morning and thank you for joining the call. Today, we are pleased to have the American Motorcycle Association’s Vice President of Government Affairs Wayne Allard and the National Marine Manufacturers Association’s Senior Vice President Nicole Vasilaros with us to discuss our joint opposition to EPA’s proposal to grant an RVP waiver for year-round E15.

To be clear, the oil and natural gas industry is not opposed to ethanol. We are opposed to incentivizing the use of E15 through extending the waiver as the majority of vehicles and refueling infrastructure are not designed for it. By pursuing this policy and pushing more E15 into the market, the EPA is putting consumers’ vehicles at risk for undue damage, potentially forcing them to pay for expensive car repair bills. In addition to being bad for consumers, this proposal goes beyond EPA’s statutory authority. This proposal conflicts with the clear language of the Clean Air Act. Furthermore it is inconsistent with nearly three decades of EPA statutory interpretation of its authority as well as congressional intent. If this rule is finalized, API will challenge this rule in court.

There’s only one answer – this proposal should be withdrawn.

Nearly three out of four cars on the road were not designed to use E15, and vehicle testing demonstrates that engine and fuel system damage may result from using E15 in 2001 and newer vehicles.

Additionally, refueling infrastructure incompatibility continues to be a concern. EPA’s Office of Underground Storage Tanks recently clarified that sealants used on threaded connections at retail gas stations made before 2007 are very likely incompatible with ethanol blends above 10 percent, and E15 incompatible sealants continue to be used in much of the market.

Further, EPA’s proposal to reform the market for trading Renewable Identification Numbers, the credits used to comply with the Renewable Fuel Standard, is a solution in search of a problem. The proposal could increase costs for fuel producers and lead to higher prices for consumers. Additionally, fuel producers who have complied with the law and have already made capital investments and business decisions based on
the existing RFS and RINs program will be faced with uncertainty and a moving goal post. While the RIN market can be volatile, volatility alone is not an indicator of market manipulation or irrationality – and the proposal itself states that the Agency has “yet to see data-based evidence of manipulation in the RIN market.” RIN prices tend to react to information regarding EPA’s demand for RINs, which is directly related to EPA’s willingness to test the limits of the ethanol blendwall in setting annual volumes. And RINs do not behave like energy or other commodity markets, nor should they - RINs are compliance credits, where EPA demands RINs regardless of price, and there are no substitutes.

The ethanol blendwall is the fundamental structural problem with the RFS, and it should be highlighted that RIN reform does nothing to address this problem. Therefore, EPA should remain focused on simply fixing the blendwall issue by setting feasible volume standards.

Attempts to cherry pick certain aspects of the RFS for reform provide more evidence that the entire program is a failure. The outdated RFS mandate was premised on the faulty assumptions of ever-increasing gasoline demand and reliance on foreign sources of oil, and the near-term commercial availability of advanced and cellulosic biofuels. History has proved these assumptions wrong, and today we are faced with an energy policy that pushes for ethanol volumes that exceed the capability of the majority of the vehicle fleet and refueling infrastructure.

As EPA develops its rulemaking to implement some RIN reform measures, the agency should acknowledge that it has has taken steps already to increase RIN transparency in its online database. It would be premature to establish new rules that restrict RIN trading when neither the Commodity Futures Trading Commission (CFTC) nor EPA have found market misbehavior.

EPA’s E15 and RIN reform rulemaking is critically flawed. EPA should not finalize either element of this proposed rule. Instead, we urge EPA to focus its attention on protecting consumers from the potential damage to their vehicles that E15 use presents, and to help fix the broken RFS.

Thank you. I will now turn it over to Wayne and Nicole.