Illinois Corn Growers Association

ILRFA
Illinois Renewable Fuels Association

PO Box 1623, Bloomington, IL 61702 · 309-557-3257 · www.ilcorn.org · www.illinoisrfa.org

Administrator Andrew Wheeler
Environmental Protection Agency
1200 Pennsylvania Ave. NW.
Washington D.C. 20460

Re: Docket ID EPA-HQ-OAR-2019-0136

November 27, 2019

Dear Administrator Wheeler,

On behalf of the 72,000 farms in Illinois, we welcome the opportunity to provide comments in response to U.S. Environmental Protection Agency's (EPA) supplemental proposed rule regarding 2020 Renewable Fuel Volume numbers under the Renewable Fuel Standard (RFS) program. In comments submitted by over 540 individual corn farmers in Illinois over the last 45 days, their common theme to USEPA was a "Deal is a Deal." If the announcement made by the Administration on October 4 regarding how the Small Refinery Waived gallons would be reallocated in the 2020 volume requirements was reflected in this supplemental rule making then we would not need to be making comments today, nor would the over 540 individual Illinois farmers have to take time from their very difficult harvest to comment as well.

We strongly encourage USEPA to follow-through on the original proposal by Administrator Wheeler and the Administration to use the three-year average of actual exempted volumes and not U.S. Department of Energy (USDOE) recommendations as the basis for the projections of exempted gallons for 2020 and beyond. We also expect these projected volumes be reallocated into the RVO numbers for 2020 to finally achieve the Congressional intent for the RFS.

Illinois farmers have been struggling for the last six years to maintain profitability in their farming operations. Low prices and stagnant or falling demand for agriculture commodities such as corn and soybeans have put farm revenues below the cost of production. This has made credit very tight and expensive for farmers wanting to plant next year's crop, improve their machinery and/or invest in new seed technologies or crop protection services. This has had a negative ripple effect through the farm economy and rural communities that has not been realized so far in Washington D.C.

Also, for the last 18 months the Illinois ethanol industry has been struggling as well. The margins for ethanol plants have been less than the cost of production due to surplus ethanol and stagnant demand. Illinois has an annual capacity of approximately 1.8 billion gallons of ethanol, capable of grinding 650 million bushels of corn. This capacity was increased over the last three years to accommodate projections in the growth of ethanol exports and based on promises by the Administration to make the Renewable Fuels Standard work as intended for agriculture, ethanol and biodiesel.

The Illinois ethanol industry consists of 2 wet mill facilities and 12 dry mill plants. The total economic impact to Illinois from the ethanol industry and from corn sold to these plants is $10.2 billion that includes 35,000 well paying jobs and more than $500 million in tax revenue to federal, state and local governments.

Unfortunately, during the last three years when USEPA granted 85 small refinery exemptions resulting in more than 4.04 billion ethanol equivalent gallons for 2016, 2017 and 2018, the ethanol industry was hit hard after investing in unfulfilled promises on both the export side due to tariffs and through the dismantling of the Renewable Fuel Standard through the waived and non-reallocated gallons.

There was only one way this could go. Illinois has had one plant, Center Ethanol located in Sauget Illinois which produces 54 million gallons of ethanol per year and buys 19 million bushels of corn, close their doors permanently, laying off over 45 permanent workers with well-paying jobs. This plant is in an area that is economically distressed and these jobs were critical to that area. Up the Mississippi River from this plant (about 20 miles) another plant was close to closing as well. They shut down for several months to avoid continued losses but will hopefully be fully operational again when we get the RFS working the way it was promised. Several other ethanol plants cut their production in half to reduce their losses but to stay open for the protection of their workers. These are mostly farmer owned plants that will do this.

The RFS has been a tremendous success for corn growers and the ethanol industry since 2005. It has stimulated investment in expansion, new technologies to improve efficiency, productivity, and new value-added by products. The RFS has also provided a growing demand source for corn which has allowed farmers the return on their investment needed to reinvest in new seed technologies, equipment and best management practice technologies that are better for the environment while increasing yield and reducing inputs. The RFS, therefore, provided the economic driver and direction for corn ethanol to reduce its carbon footprint where it is now almost 50 percent better than baseline gasoline. Letting up on the throttle of the RFS will slow this progress significantly.

We do appreciate USEPA's issuing a supplemental proposal that includes projections of waived gallons due to the granting of small refinery exemptions with the idea of reallocating those projected gallons into the RVO numbers for the following year. This helps make the RFS whole, meets the Congressional intent for the RFS, and adheres to the statutory language. We fully support the proposal to include projected volumes of waived gallons in the annual RVO numbers for 2020 and beyond. We feel that the Clean Air Act is clear that EPA must publish a renewable fuel obligation that ensures statutory volumes are met. This Congressional and statutory intent has not been met in USEPA's previous year's RVO number requirements or in its enforcement. Hopefully this proposed rule will put EPA back on a future track of accounting for these gallons and reallocating them into the final RVO numbers.

EPA must use actual waived volumes for the previous three years and not the recommendations from USDOE as they account for these gallons and reallocate them in the final RVO numbers for 2020 and beyond. If in the future the recommendations from USDOE end up being the actual volumes waived or exempted, then that is helpful.

The corn and ethanol industry cannot bet their futures on EPA accepting the recommendations from USDOE. EPA has never accepted the recommendations from USDOE in granting the final small refinery exemptions. What happens if USDOE recommends no waivers? How will USEPA handle this under the current proposal given the record for exemptions.

Let's make this simple and go back to the original deal. The actual average waived gallons for the previous three years will be used to project the waived gallons needed to be reallocated in the RVO numbers for the next year to meet the statutory requirements of the RFS. This will fully accomplish the original intent of the RFS to reduce greenhouse gas emissions and replace petroleum-based fuels. We want to see conventional ethanol finally reach 15 billion gallons under the RFS as corn farmers and the ethanol industry have expected since 2014.

Sincerely,

William L. Leigh

William L. Leigh
President
Illinois Corn Growers Association

Raymond E. Defenbaugh

Raymond E. Defenbaugh
President
Illinois Renewable Fuels Association