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United States Senate

November 7, 2019

The Honorable Andrew Wheeler
Administrator, Environmental Protection Agency
1200 Pennsylvania Ave NW
Washington, DC 20460

RE: Docket ID: EPA-HQ-OAR-2019-0136-0352

Dear Administrator Wheeler:

I appreciate the opportunity to weigh in on the proposed supplemental rule. This is an issue that is top of mind for Hoosier farmers and refiners. Unfortunately, producers in my state have made it clear to me that there are key differences between the agreement as it was announced by the Environmental Protection Agency (EPA) on October 4, 2019, and the proposed supplemental rule published in the federal register on October 15, 2019.

In general, it is best that the government avoid market manipulation as much as possible. However, in certain instances, intervention is appropriate. And in such cases, the government must maintain consistent implementation of the rules in order to ensure predictability for investment and future planning.

This is why issuance of small refinery exemptions (SRE) to firms that cannot demonstrate genuine hardship under the Renewable Fuel Standard (RFS) over the past decade has been troubling. Uncertainty driven by these SREs has resulted in substantial price fluctuations in the renewable identification numbers (RINs) market and made investment in the biofuels economy more difficult.

The proposal announced by the EPA on October 4 would bring stability to Hoosier farmers and refiners. My understanding of that agreement was that it would result in the maintenance of the 15 billion-gallon conventional ethanol RFS mandate, a level needed to bring certainty and price stability back to the RFS market. Further, the implementation mechanism proposed, using a three-year rolling average of actual exemptions granted by EPA, provided further stability and predictability in meeting the mandate.

The RFS is badly in need of reform. As Congress considers proposals to reform or replace the RFS, producers need market stability that allows them to accurately project the optimal acres and crops to plant for biofuel.

The state of Indiana is the fifth largest ethanol producing state in the country. More than a third of the state's corn crop is converted into renewable biofuel. The industry as a whole supports more than 3,500 Hoosier jobs.

However partly because of the policy uncertainty within the RFS, in August of this year, POET LLC announced the closure of their Cloverdale, Indiana biofuel refinery. The plant consumed 31 million bushels of corn annually, and its closure has left dozens of producers seeking a new place for their harvest.

Thus, I note with concern the changes made between the October 4 announcement and the October 15 published draft rule. Today, Hoosier corn and soybean producers need the market and price certainty promised in the deal on October 4. I urge the EPA to implement the agreement in a way that provides such certainty.

Thank you for your consideration of these concerns.

Sincerely,

Mike Braun

Mike Braun
United States Senator