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From: Whiteman, Chad S. EOP/OMB
Sent: Thur 6/1/2017 4:06:33 PM
Subject: RE: RFS OMB meeting handouts

Steve,

Thank you for taking the time to meet with us yesterday to share your views on the RFS RVO rulemaking. I also appreciate that you sent along the electronic copies of the documents that you presented during the meeting.

Best Regards,

Chad

Chad Whiteman

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From: Steven Shimberg [mailto:sjshimberg@sjsolutions.biz]
Sent: Wednesday, May 31, 2017 5:17 PM
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Subject: RFS OMB meeting handouts

Chad and Scott,

Thanks for meeting this morning with Delta Air Lines, Monroe Energy and Philadelphia Energy Solutions. As promised, I am attaching copies of the two handouts from today's meeting.

As noted in the meeting, EPA assumed in the 2017 final rule an unrealistically high level of ethanol consumption – 14.56 billion gallons. See: TABLE V.B.1.iv-1—GASOLINE VOLUMES USE TO DETERMINE REASONABLY ATTAINABLY ETHANOL SUPPLY IN 2017, 81 Fed. Reg. at 89780, and TABLE V.B.3-1—DETERMINATION OF VOLUME OF BIODIESEL AND RENEWABLE DIESEL NEEDED IN 2017 TO ACHIEVE

19.28 BILLION GALLONS OF TOTAL RENEWABLE FUEL, 81 Fed. Reg. at 89781.

<https://www.gpo.gov/fdsys/pkg/FR-2016-12-12/pdf/2016-28879.pdf>

That assumption is inconsistent with EIA data. The combination of EIA's data on E0 and the most recent STEO show that annual ethanol consumption in motor gasoline for 2017 *and* 2018 will be significantly *less* than 14.56 bg. See Table 4a. U.S. Petroleum and Other Liquids Supply, Consumption, and Inventories, U.S. Energy Information Administration | Short-Term Energy Outlook - May 2017 <https://www.eia.gov/outlooks/steo/tables/pdf/4atab.pdf>

When the 2018 NPRM was sent to OMB on May 11th, the RIN market reacted to rumors that EPA will compound the error made in the 2017 rule and assume even *higher* levels of ethanol consumption for 2018. D6 RIN prices surged overnight. In less than 3 weeks, D6 RIN prices increased by more than 85% -- from 40 cents/RIN to about 75 cents/RIN. As we discussed, that is a serious problem.

We look forward to continuing to work with you on this critical and difficult issue.

Sincerely,

Steve

Steven J. Shimberg

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