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From: Zelermyer, Salo
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Subject: API Comments -- See Page 21

<http://www.epa.gov/~media/Files/News/Letters-Comments/2015/15-July/API-AFPM-RFS-Comments-July-2015.pdf>

“Finally, if EPA wants maximum renewable fuels blended, it should move the point of obligation to align with the point where compliance is more likely achieved (i.e., the point of blending), so every blender has increased incentives to blend. EPA indicates that the 2016 proposal would require the “market” to respond, including by expanding infrastructure for distributing and consuming renewable fuels. This hypothetical market response is not a reasonable basis upon which to set the standards, especially for 2016. There will only be one month between EPA’s deadline to issue the Final Rule for 2016 and when the rule takes effect, and only seven months from the release of the Proposed Rule. This is obviously insufficient time for the planning, approval, design, permitting, construction and start-up of any large capital projects or a sufficient number of infrastructure projects to have a significant impact on biofuels production and blending at the rack and pump installation at the retail level. Further, the structure of the RFS regulations with the point of regulation being the refiner or importer and not the owner of fuel at the rack before it is put into trucks for delivery to retail and wholesale purchasers/consumers will hinder a market response to high RIN prices, which EPA suggests will make the 2016 targets feasible. Both the fuel blender and the fuel retailer determine whether increased RIN prices are passed on to consumers in the form of discounts, in the hope it will spur additional sales of fuel containing higher percentages of renewable fuels. If the fuel blender were an obligated party, they would have both a regulatory compliance and economic incentive to take this action. If EPA wants the “market” to help make the RFS more achievable, EPA should propose a rule to move the point of regulation to the rack.”