

April 11, 2017

Dear Senator Grassley and Ernst:

As organizations interested and involved in the renewable fuels industry in Iowa, we are asking for your assistance to correct a regulatory decision that is being applied unfairly and in turn is harming numerous Iowa companies.

As you know, distillers corn oil (DCO) is an increasingly important co-product for ethanol producers and a quickly growing feedstock for biodiesel producers. However, an unnecessary and counter-productive regulatory interpretation is dramatically reducing the marketability of DCO. Just like soybean oil and animal fats, DCO requires some pretreatment prior to its use as a biodiesel feedstock. The Environmental Protection Agency (EPA) has interpreted that performing the “clean-up” process at one facility disqualifies that DCO as a renewable biomass feedstock for conversion to biodiesel at another facility under the Renewable Fuel Standard (RFS). This designation being applied only to DCO is not justified as the resulting product is simply a commodity, just as refined bleach (RB) soybean oil or choice white grease (CWG).

A perfect example of this is the Corn Oil 1 facility near Council Bluffs. The facility is capable of “cleaning-up” DCO so that it can go directly into biodiesel production. If this pretreatment occurred at the biodiesel production facility (necessitating millions of dollars of investment in equipment) the EPA allows the use of the DCO as a biodiesel feedstock. But if the same process occurs at Corn Oil 1 (where the investment in equipment can be utilized for DCO from multiple ethanol plants to supply “cleaned-up” DCO to multiple biodiesel plants), then the DCO is not currently allowed for use to produce biodiesel under the RFS. The disparate outcome of the same process simply based on location is both unnecessary and unfair. It has been devastating to Corn Oil 1 and has harmed the ethanol and biodiesel plants that have intended to make use of the innovative facility.

We request an immediate solution to this situation before more harm is incurred by Corn Oil 1 and dozens of ethanol and biodiesel plants. The solution is for the EPA to recognize that “cleaning-up” DCO is no different than a renderer preparing CWG for the market or a soybean refiner supplying RB soybean oil to a biodiesel plant. All of these products should be considered renewable biomass under the RFS. We are also concerned that EPA may try to address this problem by designating all of these products as bio-intermediates, which would cause more confusion, paperwork and unnecessary expense.

Any economically viable processes for preparing the feedstocks for use as a biofuel feedstock would utilize an inconsequential amount of energy in terms of the ultimate biofuel meeting the RFS threshold for advanced biofuels. Any further disruption of these feedstocks for use in biofuels production would have a devastating impact on the RFS. In 2016, soybean oil accounted for 66 percent of Iowa biodiesel production, while animal fats and corn oil accounted for 14 and 10 percent respectively.

We respectfully ask for your help with the EPA so that they understand the market realities of these feedstocks and to encourage them to fix this regulatory overreach expeditiously.

Sincerely,

Golden Grain Energy
Greater Des Moines Partnership
Green Plains, Inc.
Iowa Biotech Association
Iowa Corn Growers Association
Iowa Farm Bureau Federation
Lakeview Plymouth Energy
Lincolnway Energy
Little Sioux Corn Processors
Pine Lake Corn Processors
Prairie Feed and Trucking
Quad County Corn Processors
Siouxland Energy Coop
Western Dubuque Biodiesel
Western Iowa Energy