

April 12, 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 swiftly correct a regulatory interpretation that 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 determination for DCO, and potentially several other commonly used feedstocks, is not justified as the resulting product is simply a separated fraction of the original feedstock, just as refined bleach (RB) soybean oil or choice white grease (CWG).

Based on the current interpretation of the regulations, if this pretreatment occurs 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. However, if the same process occurs at a separate facility, 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 facilities that wish to provide this service and to ethanol and biodiesel plants that have intended to make use of this innovative arrangement.

We request an immediate solution to this situation before more harm is incurred by dozens of ethanol and biodiesel plants. The optimal 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.

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,

Iowa Biodiesel Board

Iowa Renewable Fuels Association