Message

From: Anne Steckel [Anne@rngcoalition.com]
Sent: 3/7/2025 10:56:36 PM
To: Zeldin, Lee [Zeldin.Lee@epa.gov]
CC: Dominguez, Alexander [dominguez.alexander@epa.gov]; Hengst, Benjamin [Hengst.Benjamin@epa.gov]; Dunham, Sarah [Dunham.Sarah@epa.gov]; Burkholder, Dallas [burkholder.dallas@epa.gov]; Borgert, Kyle [borgert.kyle@epa.gov]
Subject: RNG letter on 2024 cellulosic volumes
Attachments: 2025-3-7 Letter to EPA re 2024 Cellulosic Biofuel Volume.pdf

Dear Administrator Zeldin,
Please see the attached letter from the Renewable Natural Gas Coalition (RNG) on the 2024 cellulosic volumes.

Thanks,
Anne

Anne Steckel
Renewable Natural Gas Coalition
202.422.4002

March 7, 2025

Via Electronic Mail

The Honorable Lee Zeldin
Administrator
U.S. Environmental Protection Agency
Mail Code 1101A
1200 Pennsylvania Avenue, NW
Washington, DC 20460
Zeldin.Lee@epa.gov

Re: 2024 Cellulosic Biofuel Volume Requirement

Dear Administrator Zeldin:

The Coalition for Renewable Natural Gas ("RNG Coalition") is a non-profit association of companies and organizations dedicated to the advancement of renewable natural gas ("RNG") as a clean, green, alternative, and domestic energy and fuel resource. RNG is fuel derived from biogas that has been captured from organic waste streams—including agricultural wastes, municipal wastewater, and municipal solid waste in landfills—and upgraded to achieve quality standards necessary to blend with or substitute for geologic natural gas. Our membership includes companies throughout the value chain of waste feedstock conversion to transportation fuel under the Renewable Fuel Standard ("RFS"), including several obligated parties that have made significant investments in RNG. The RNG industry has grown substantially thanks to the RFS, with RNG making up over 95% of our nation's cellulosic biofuel production and generation of D3 RINs, including in 2024 (data as of February 10, 2025).

In December of 2024, the prior administration proposed to partially waive the cellulosic biofuel volume requirement for compliance year 2024 using its general waiver authority based on inadequate domestic supply, published at 89 Fed. Reg. 100,442.[1] Comments opposing the proposed waiver outnumbered the handful of comments supporting the waiver by about a 6-to-1 margin (about 30 to 5).[2] As explained in RNG Coalition's comments on the proposal, we believe EPA misread and misapplied the plain statutory language and court precedent on the meaning of inadequate domestic *supply* and proposed the waiver prematurely.[3] Commenters opposing the proposed partial waiver explained the detrimental impacts of EPA's proposal on current investments and planned projects and how such a waiver based on a mere shortfall in RIN

[1] The proposed rule included revisions to an earlier "Biogas Regulatory Reform Rule," which alleviate and clarify certain requirements. These revisions, along with suggested changes made in public comments, should be finalized as soon as possible. We urge this Administration to continue to work with the industry to streamline these overly burdensome requirements.
[2] This includes written comments submitted to the docket and oral testimony presented at a public hearing held on December 20, 2024. It does not include comments that did not directly address the proposed waiver.
[3] EPA-HQ-OAR-2024-0411-0030 at 2-15.

generation undermines the incentives established by Congress and the goals of the RFS program. Such a waiver would send signals to the market that EPA will not enforce the volumes it sets, creating uncertainty that turns investors away, undermining the economic, energy security, and environmental benefits investments in new RNG projects would have provided.

EPA's proposed waiver is based on a projected shortfall in D3 RIN generation. As RNG Coalition explained in its comments, however, domestic supply of RNG in 2024 cannot be defined by D3 RIN generation alone.[4] Nonetheless, even just looking at D3 RIN generation, a general waiver to reduce the cellulosic biofuel volume is not warranted for 2024. In the proposal, EPA indicated it expected only 970 million D3 RINs to be generated in 2024. 89 Fed. Reg. at 100,443. This was wrong. On February 20, 2025, EPA updated its D3 RIN generation numbers for 2024, reporting over 1.013 billion 2024 D3 RINs generated.[5] This included an increase of 25.6% over 2023 for RNG RINs, which exceeded the 25% growth rate used by EPA in setting the 2024 volume. The RNG industry did its job, despite numerous challenges it faced in 2024.

EPA also still reports over 30 million 2023 D3 RINs available for compliance.[6] While this did result in a "shortfall" in D3 RIN generation, this shortfall is about 4.3% of the cellulosic biofuel requirement and less than 0.22% of the total volume requirement for 2024. This does not consider potential reductions in the volume requirement (or increases in 2023 or 2024 D3 RIN availability) as a result of any subsequent determinations on small refinery exemption requests, which EPA is required to reassess based on the U.S. Court of Appeals for the D.C. Circuit overturning the interpretation of "disproportionate economic hardship" that had been used to deny all such requests in recent years.

This minimal shortfall does not risk substantial "noncompliance" (if any at all) nor does it risk any harms to the RFS program. As EPA found in denying a partial waiver for 2023, obligated parties can readily comply with the 2024 volume obligations. Indeed, Congress provided for deficit carryovers precisely to address such RIN generation shortfalls. 42 U.S.C. §7545(o)(5)(D). We note that the record in support of the proposed waiver provides no publicly available information that shows *any* harm to *any* obligated party. While EPA noted concerns for the potential for noncompliance by obligated parties that claimed a deficit in 2023, EPA provided no evidence,[7] nor are we aware of any evidence, that these obligated parties did not have access to RINs throughout 2024 to meet their compliance obligations. As EPA has previously recognized, granting a waiver based on such circumstances creates incentives for obligated parties *not* to buy RINs assuming EPA will reduce the volumes later.[8] Members of RNG Coalition saw this in action where RIN purchases were cancelled or obligated parties indicated no interest in purchasing available D3 RINs based on an expectation that EPA will

[4] This was particularly true where EPA's own regulatory actions resulted in loss of RIN generation for available RNG supply, such as EPA's decision, under the biogas reforms, to remove the allowance of RIN generation for RNG that was stored off-site pending registration approval and EPA's delays in providing guidance on the biogas reforms that required the entire industry to change operations to comply with these new requirements.
[5] https://www.epa.gov/fuels-registration-reporting-and-compliance-help/rins-generated-transactions (data as of Feb. 10, 2025).
[6] https://www.epa.gov/fuels-registration-reporting-and-compliance-help/available-rins (data as of Feb. 10, 2025).
[7] Potentially relevant docket entries are marked as confidential business information and were not made publicly available. This does not allow for the public to meaningfully comment as required before EPA can issue a waiver.
[8] EPA, Denial of AFPM Petition for Waiver of 2016 Cellulosic Biofuel Standard, at 3-4 (2017), https://www.epa.gov/sites/default/files/2017-01/documents/afpm-rfs-petition-decision-ltr-2017-01-17.pdf.

issue a waiver. It also rewards recalcitrant parties, rendering the limits in the deficit carryover provision essentially meaningless. This is inconsistent with the statute and undermines the RFS.

On the other hand, as EPA also has found, a general waiver based on a potential shortfall in RINs "would be injurious to the RFS program because it would be disruptive to program participants and could result in reduced future demand for cellulosic biofuel production."[9] As noted above, several members of RNG Coalition and other public commenters explained the injuries they would suffer and the harms to the RFS if EPA finalizes a partial waiver.[10] This includes injuries already suffered as a result of the drop in RIN prices following EPA's proposal.

In short, EPA's proposed waiver that would be below actual RIN generation, would improperly consider 2023 deficits, would not account for potential small refinery exemptions that may be granted retroactively, and would undermine the incentives Congress established would be, alone, unlawful, arbitrary, and an abuse of discretion. To make matters worse, however, the American Fuel & Petrochemical Manufacturers ("AFPM") submitted comments asking EPA to go even further to reduce the 2024 cellulosic biofuel volume in a manner that would ensure a RIN bank of 9-17% of the 2025 target. It is telling that AFPM cites no statutory authority for such a reduction, claiming only a "sufficient programmatic justification" to take such action. Such a "programmatic justification" must be rejected. There is no statutory authority for such a waiver and, as explained, such an approach would go against EPA precedent, undermine the carefully crafted incentives created by Congress and, thereby, would be goal defying. Moreover, it would be well beyond EPA's proposal and thus not a logical outgrowth of the proposal, violating EPA's procedural obligations.

With the compliance deadline for 2024 approaching, we urge EPA to make clear that it is withdrawing the proposed partial waiver of the cellulosic biofuel volume requirements for 2024 as soon as possible. We urge EPA to get the RFS program back on track and to work with the RNG industry to ensure a workable program that facilitates compliance and promotes ongoing investments in RNG and biogas-derived fuels. We thank EPA staff for their efforts, and we look forward to continuing to work with EPA to maintain the success in growing the RNG industry and to ensure a cleaner, more diverse fuel supply for all Americans.

Respectfully submitted,

Geoffrey Dietz
Director of Federal Government Affairs
Coalition for Renewable Natural Gas

cc: Sarah Dunham
Alexander Dominguez
Ben Hengst
Kyle Borgert
Dallas Burkholder

[9] 89 Fed. Reg. 20,961, 20,962 (Mar. 26, 2024).
[10] *See, e.g.,* EPA-HQ-OAR-2024-0411-0055 at 36-48, 52-55, 60-70, 83-86 (testimony of AMP Americas, California Bioenergy, Aemetis, Inc., Vision RNG, STX Commodities, WM, Opal Fuels, and Generate Capital); EPA-HQ-OAR-2024-0411-0023 (comments of Vision RNG); EPA-HQ-OAR-2024-0411-0052 at 1-3 (comments of Anew).

Message

From: Anne Steckel [Anne@rngcoalition.com]
Sent: 4/11/2025 11:30:25 PM
To: Zeldin, Lee [Zeldin.Lee@epa.gov]
CC: Dominguez, Alexander [dominguez.alexander@epa.gov]; Dunham, Sarah [Dunham.Sarah@epa.gov]; Szabo, Aaron [Szabo.Aaron@epa.gov]; Hengst, Benjamin [Hengst.Benjamin@epa.gov]
Subject: Renewable Fuel Standard Program – 2026 Volume Requirements Letter from RNG Coalition
Attachments: 2025-4-11 Letter to EPA re 2026 RFS -Signed.pdf

Dear Administrator Zeldin,

Please see the attached letter from the Renewable Natural Gas Coalition regarding the RFS program and proposed volumes for 2026 and beyond. The RNG Coalition looks forward to the continued dialog with you and your team.

Thank you,
Anne

Anne Steckel
Renewable Natural Gas Coalition
202.422.4002

RNG COALITION

April 11, 2025

VIA ELECTRONIC MAIL

The Honorable Lee Zeldin
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue N.W.
Washington, DC 20004
Zeldin.Lee@epa.gov

Re: Renewable Fuel Standard Program – 2026 Volume Requirements

Dear Administrator Zeldin:

First, on behalf of the renewable natural gas (RNG) industry, let me extend my congratulations on your nomination and confirmation as the 17th Administrator of the U.S. Environmental Protection Agency (EPA). RNG COALITION (formerly Coalition for Renewable Natural Gas) writes this letter as we understand that EPA has asked oil and biofuels groups to reach a compromise on the next phase of the Renewable Fuel Standard (RFS) program.

As EPA is aware, Congress sought to ambitiously grow the cellulosic biofuel category under the RFS. RNG is fuel derived from biogas that has been captured from organic waste streams—including agricultural wastes, municipal wastewater, and municipal solid waste in landfills—and upgraded to achieve quality standards necessary to blend with or substitute for geologic natural gas. Under the RFS, RNG production has increased by almost 600% from 2015 to 2024 and currently comprises over 95% of the fuels used to meet the cellulosic biofuel volume requirement. RNG COALITION represents the vast majority of RNG producers that participate in the RFS, as well as stakeholders throughout the supply chain, including obligated parties. Indeed, several obligated parties have invested significantly in RNG. As such, we firmly believe that any compromise cannot be reached without our industry's direct input.

The RNG industry has long requested that EPA set volumes based on a certain, transparent and predictable methodology. Along those lines, EPA established the "growth rate" methodology for estimating RNG production during the first term of the Trump administration.[1] This methodology was somewhat adjusted in the "Set Rule," where EPA used an average growth rate of 25% over several years to set the volumes for 2023, 2024 and 2025. From 2023 to 2024, the

[1] 82 Fed. Reg. 58,486, 58,496 (Dec. 12, 2017).

industry grew by over 25% based on D3 RIN generation alone.[2] Applying this same approach here, the growth rate would be 24.2%, resulting in a projected 2026 RNG volume of 1.5 billion ethanol-equivalent gallons using 2024 RIN generation as the starting point.[3] We believe EPA should also set volumes for 2027 to get the program back on track from a timing perspective. Using the same methodology, volumes would be set at 1.86 billion ethanol-equivalent gallons for cellulosic biofuels. RNG COALITION's internal database and August 2024 data from Argonne National Laboratory indicate that total production capacity of operational and under construction RNG projects would exceed these volumes. To be clear, RNG COALITION believes that the RFS volume requirements should work to promote continued investments and that there is more than ample basis to support even higher volumes.

We believe continued growth in cellulosic biofuel volumes in the next RFS proposal is the only proper avenue for EPA in light of the statutory language and Congressional goals. After 2022, EPA is required to set the minimum applicable volumes under the RFS program based on a review of a list of statutory factors. Taken as a whole, these factors support *increases* in the cellulosic biofuel volume requirements, and, as noted above, RNG *production* can exceed these volumes based on projects that are already in operation or under construction. We acknowledge that EPA has previously indicated that it believes the statutory factors include a consideration of "demand-related-factors." Even if considered related to demand, however, the statute does not indicate that EPA can set the volumes based on estimates of actual demand. Looking at the plain language of the statute, Congress references "rate of future commercial production," "infrastructure," and "cost to consumers." But it does not specifically reference demand, which is logical because, as EPA has recognized, the RFS program is supposed to be "market forcing."[4] In other words, the RFS program is to drive demand, not be driven by demand.

Nonetheless, RNG COALITION recognizes that estimates of compressed natural gas (CNG) and liquified natural gas (LNG) vary and are uncertain. The growth rate referenced above is mostly based on D3 RIN generation that reflects use of CNG/LNG and not potential supply.[5] We believe that use of CNG/LNG can continue to grow. Many shippers, manufacturers, retailers and other truck fleet operators continue to look for ways to use RNG fueled trucks, including municipal refuse fleets. The new Cummins 15-liter CNG engine can be used to replace diesel engines or upgrade 12-liter CNG engines, which would result in more CNG use. There are also opportunities to increase RNG use in buses, locomotives, and eligible marine applications, which would be consistent with this Administration's policy to restore America's maritime dominance.[6] Congress is also contemplating changes to the RFS program that would allow RIN generation for

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[2] As explained in its comments on the proposed waiver for 2024, we do not believe RIN generation in 2023 or 2024 accurately reflects supply of RNG, although we acknowledge that D3 RIN generation in 2023 and 2024 fell short of the volumes EPA set. Regulatory uncertainty and the transition to the Biogas Regulatory Reform Rule presented significant hurdles to the industry, which we believe contributed to the deficit, not a lack of RNG supply.

[3] 1.5 billion is rounded to the nearest ten million. We note that this does not include potential additional volumes for corn kernel fiber ethanol that also contribute to the cellulosic biofuel category. Our understanding is that liquid cellulosic ethanol can reach a couple of hundred million gallons.

[4] *See, e.g.,* EPA Br. at 29, *Center for Biological Diversity v. EPA*, No. 23-1177 (D.C. Cir. filed Sept. 6, 2024) (quoting *Americans for Clean Energy v. EPA*, 864 F.3d 691, 710 (D.C. Cir. 2017)).

[5] With the implementation of the Biogas Regulatory Reform Rule, "RNG RINs" represent RNG injected into the pipeline system.

[6] *See* Executive Order, Restoring America's Maritime Dominance, Apr. 9, 2025, https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/.

fuel used in ocean-going vessels, which presents a significant and growing opportunity for CNG/LNG use. To support continued investments in these markets, however, stakeholders need assurances by EPA that it will continue to grow and enforce the volume requirements under the RFS program or other markets will be sought to utilize the RNG.

In other words, there are no constraints of which we are aware on growing RNG supply, and the RFS program is meant to create the incentives to grow existing and develop new markets. We believe, however, that EPA regulatory actions or inaction actually present the biggest impediments to growth of RNG use in the transportation fuel sector. EPA has restricted D3 RIN generation under the Biogas Regulatory Reform Rule. We have consistently urged EPA to lift some of these restrictions, including through our pending Petition for Reconsideration/ Rulemaking. Delays in implementing these reforms also impacts RIN generation or availability of RINs. While we appreciate the work of EPA staff, we are concerned the agency has not provided guidance or accepted registrations of RNG RIN separators (e.g., CNG/LNG dispensers) in a timely manner. These delays are resulting in foregone D3 RIN generation. As such, we urge EPA to work with the industry to provide allowances for RNG RIN separation beyond the regulatory "reportable event." Until EPA can process these registrations in a timely manner, the reportable event for CNG/LNG dispensed should be considered the registration acceptance date. It is our view that EPA cannot claim insufficient RINs or lack of supply to grow the volumes when its own actions are a significant limiting factor in ensuring D3 RIN availability for compliance.

EPA has also not approved registrations or finalized pathways for use of RNG in the production of other fuels, including, but not limited to, renewable electricity, hydrogen, cellulosic diesel, naphtha, methanol, and renewable jet fuel. In addition, EPA has claimed an overly strict interpretation of "produced from renewable biomass" that is not based on the plain language of the statute. In particular, this has restricted the ability of eFUELS to participate in the RFS program. eFUELS would use carbon dioxide from RNG facilities to produce D3 RINs. We believe EPA cannot assert a lack of market demand when it is regulatory barriers preventing these fuels from participating in the RFS program, impacting investments in those fuels and markets.

In its discussion of the definition of "produced from renewable biomass," EPA also referenced consideration of potential incentives for renewable diesel plants to utilize hydrogen from RNG in the hydrotreating process. EPA acknowledged that hydrogen contributes to the energy of the diesel fuel, noting that it would need to adjust D4 RIN generation for renewable diesel to account for the fact that the hydrogen used today largely stems from fossil natural gas. Similarly, petroleum refineries should also be incentivized to use RNG-derived hydrogen, where co-processing with petroleum feedstocks is recognized as a viable option in the statute. We believe for these incentives to be economical for both the renewable diesel or petroleum refinery and the RNG producer, the RNG-derived hydrogen used should be eligible for a D3 RIN based on the displacement of fossil natural gas in transportation fuel (i.e., the RINs generated should be comparable to RINs generated for CNG/LNG). Such a pathway could add hundreds of millions of D3 RINs into the program. Moreover, facilities can transition from using conventional hydrogen to RNG-derived hydrogen with relative ease as RNG is interchangeable with fossil natural gas. It is also important to note that the Biogas Regulatory Reform Rule was intended to facilitate use of RNG in these other pathways. In other words, EPA can take actions that would help open up markets to increase use of renewable fuel in the transportation market relatively quickly. This is what Congress sought to do through the RFS program.

Other issues are also of significant interest to the RNG industry, including EPA's treatment of small refinery exemptions, how EPA sets the standards, use of its cellulosic waiver authority, and the overall advanced biofuel volume requirement.[7] We look forward to working with the Administration on addressing these issues and implementing a workable RFS program that fulfills the intent of Congress, providing the numerous benefits anticipated such as job creation, economic benefits, and energy addition. Strong, robust volumes that EPA enforces are needed, as well as a regulatory environment that incentivizes investments to facilitate compliance.

We appreciate your attention to this very important matter and welcome opportunities for further discussion

Best regards,

Johannes Escudero
Founder & CEO
RNG COALITION

cc: Alexander Dominguez, EPA
Aaron Szabo, EPA
Sarah Dunham, EPA
Ben Hengst, EPA

[7] Some RNG (e.g. that derived from food waste) is considered non-cellulosic advanced biofuel. As such, RNG COALITION also has an interest in the non-differentiated portion of the advanced biofuel program and believes EPA must provide incentives for non-cellulosic advanced biofuels beyond biomass-based diesel.