



November 16, 2016

The Honorable Gina A. McCarthy
Administrator
U.S. Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Re: Renewable Fuel Standard – Point of Obligation under 40 C.F.R. Section 80.1406

Dear Administrator McCarthy:

I am writing to you for the purpose of expressing Kinder Morgan Energy Partners, L.P.'s (Kinder Morgan) opposition to moving the point of obligation under the Renewable Fuel Standard (RFS) program, as has been proposed by several parties in recent correspondence to you. For the reasons outlined below, we believe such a change in the RFS program is not necessary, would create uncertainty in the fuels markets and would complicate significantly the EPA's administration and enforcement of the RFS regulations.

Kinder Morgan's RFS Program Expertise

Kinder Morgan has expert skill and knowledge about the renewable fuels markets and the RFS program. Kinder Morgan is the largest independent transporter of petroleum products in North America, transporting approximately 2.1 million barrels per day. The great majority of these products are transported through our Products Pipelines business, which moves gasoline, jet fuel, diesel, natural gas liquids and condensate through about 9,000 miles of pipelines. We also have approximately 60 liquids terminals in this business segment that store fuels and offer blending services for ethanol and biofuels.

In addition, the Kinder Morgan Terminals business unit is the largest independent terminal operator in North America, providing a strong, reliable network of approximately 180 terminals serving our customers' storage, distribution, blending and logistical needs. Our terminals store and handle petroleum products, chemicals and other products. We have a combined liquids storage capacity of approximately 152 million barrels. Key assets include large liquids terminals on the Houston Ship Channel and in New York Harbor, Los Angeles Harbor and Edmonton, Alberta. We also own Jones Act product tankers that are engaged in the marine transportation of crude oil, condensate and refined products in the United States.

Finally, Kinder Morgan is a recognized industry leader in transporting and handling renewable fuels. Our Products Pipelines and Terminals business units combined handle about one-third of the ethanol used in the United States.

Consequences of Moving the Point of Obligation

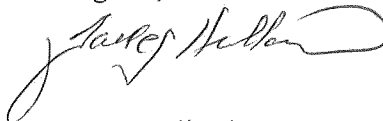
Moving the point of obligation, as requested by some industry participants, would shift the compliance responsibility from the current readily identifiable obligated refiners and importers to various entities which includes, but is not limited to, small marketers, distributors, retail owners and trading companies. All of these current non-obligated parties would have to create the back-office reporting infrastructure that the existing obligated parties currently already have in place. According to EPA's RFS list of companies; within the Southeast Region of Kinder Morgan's Products Pipelines business, 27 of 82 position holders in the terminal tanks are obligated parties. This ratio is very similar in Kinder Morgan's Products Pipelines Pacific Region where 25 of 72 position holders in the terminal tanks are obligated parties. Using these numbers as a snap-shot of the overall supply and distribution system, the proposed change could easily triple the number of obligated parties. Likewise, many of the current non-obligated parties have not developed the expertise to evaluate the validity of RIN generation or the quality of the renewable fuels they would be obligated to acquire. Needless to say, the proposed increase in obligated parties would result in unnecessary voluminous reporting and uncertainty into EPA's administration and enforcement of the RFS regulations.

The "Point of Obligation" under Existing Regulations Functions Efficiently, Clearly, and Exactly as Intended

Throughout the nine year history of the RFS program there has been no doubt about the identity of the parties who are obligated to obtain and retire Renewable Fuel Numbers (RINs) – refiners who produce gasoline and diesel; and importers of gasoline and diesel. In the renewable fuels markets, all commercial agreements, infrastructure investments, operating systems and compliance programs have been developed and implemented based on that point of obligation, the identity of the obligated parties and the RIN lifecycle. Further, that clear and well-defined point of obligation provides EPA with the ability to administer the RFS program in a straightforward, transparent manner. Kinder Morgan sees no evidence that the current point of obligation structure is "broken", and therefore does not believe there is anything that needs to be "fixed".

We greatly appreciate EPA providing us with an opportunity to comment on this matter. Please do not hesitate to contact us should there be any questions in regards to the contents of this letter.

Regards,



James Holland
Vice President Technical Services

cc: Dave Conover
Randy Parker
Daniel Sanborn
Paul Machiele EPA
Jeff Herzog EPA
Lauren Reed EPA
Dallas Burkholder EPA
Madison Le EPA