

To: Dravis, Samantha[dravis.samantha@epa.gov]; Gunasekara, Mandy[Gunasekara.Mandy@epa.gov]; Bolen, Brittany[bolen.brittany@epa.gov]
Cc: Inge, Carolyn[Inge.Carolyn@epa.gov]; Kime, Robin[Kime.Robin@epa.gov]; 'Gene Gebolys'[ggebolys@worldenergy.net]
From: Larry Schafer
Sent: Wed 5/24/2017 7:52:37 PM
Subject: Follow up -- Biodiesel Industry Meeting w OMB related to the RVO proposed rule
Final - World Energy Letter to EPA on RVO Volumes May 23.pdf
OMB 5-23-2017.pdf

Hey Samantha, Mandy and Brittany:

Hope you are well.

Yesterday, our team met with OMB.

Kent Engelbrecht, ADM, Chairman of the National Biodiesel Board (NBB)

Gene Gebolys, CEO of World Energy, Co-Chair of NBB's 2018 RVO Working Group

Gary Haer, REG, Co-Chair of NBB's 2018 RVO Working Group

Jonathan Phillips, COO and General Counsel, RBF Port Neches, LLC

• Combined these 4 companies own approximately 20 domestic biodiesel and renewable diesel facilities and produce over 1 billion gallons of biodiesel and renewable diesel.

Larry Schafer, CEO Playmaker Strategies

Anne Steckel, VP of Federal Affairs, National Biodiesel Board

We provided the attached Power Point Presentation as background for the discussion.

Attached too is a letter from Gene Gebolys CEO of World Energy which highlights how important the rule of law is in implementing the RFS program.

In brief: We agree with Administrator Pruitt in that EPA should follow the rule of law and implement laws as Congress intended. World Energy shares this sentiment. Increasing the domestic production and use of Advanced Biofuels was clearly one of the primary goals of *the Energy Independence and Security Act of 2007* (P.L. 110–140). In EISA, Congress sought “[t]o move the United States toward greater energy independence and security, [and] to increase the production of clean renewable fuels.” Specifically, EISA “set forth the minimum annual volumes for each year... and defined transportation fuel to include both gasoline and *diesel fuel*.”

In our letter, we encourage EPA through the annual RVO rulemaking process to follow the statute and implement volumes for Advanced Biofuels and Biomass-based Diesel in a manner that is consistent with the intent of Congress and that captures the full potential of the biodiesel and renewable diesel industries, which is capable of producing at least 5.25 billion gallons of Advanced Biofuels in 2018.

This is basically a status quo ask from our industry. Due to the RIN values established by Congress by statute, this amounts to only 2.94 billion gallons of biodiesel and renewable diesel. By point of reference, nearly 2.9 billion gallons of biodiesel and renewable diesel were consumed domestically in 2016. We think it is wholly appropriate to set next year’s volume level for biodiesel and renewable diesel at a level that is at a minimum consistent with last year’s actual usage level.

The biodiesel industry has made great strides in producing domestic energy and diversifying our nation’s fuel supply. We have done what Congress has asked us to do and we are creating real manufacturing jobs, generating tax revenue and improving our energy security. We encourage you to take this new opportunity to support the RFS as Congress intended and to support higher RVOs for Advanced Biofuels.

Thank you for consideration.

Please look at your calendars for Monday June 19 and Tuesday June 20th. Our team will be back

in DC at that time and would like the opportunity to meet with you all.

Again, thank you.

=====

Larry Schafer

Playmaker Strategies

202.997.8072a

750 Ninth Street NW

Suite 650

Washington DC 20001

Lschafer@PlaymakerStrategies.com

www.PlaymakerStrategies.com

=====

From: Dravis, Samantha [mailto:dravis.samantha@epa.gov]

Sent: Friday, May 19, 2017 1:19 PM

To: Larry Schafer <lschafer@playmakerstrategies.com>; Gunasekara, Mandy <Gunasekara.Mandy@epa.gov>; Bolen, Brittany <bolen.brittany@epa.gov>

Cc: Inge, Carolyn <Inge.Carolyn@epa.gov>; Kime, Robin <Kime.Robin@epa.gov>; 'Anne Steckel' <asteckel@biodiesel.org>

Subject: RE: Follow up -- Biodiesel Industry Meeting Request for Tuesday May 23 ...

Thank you for the note, Larry. Next Tuesday is rather crowded on the calendar over here and I am not able to meet that day, I'm sorry. I am happy to read any follow up materials you would like to send over. Thanks again.

Samantha

From: Larry Schafer [<mailto:lschafer@playmakerstrategies.com>]
Sent: Friday, May 19, 2017 11:55 AM
To: Gunasekara, Mandy <Gunasekara.Mandy@epa.gov>; Bolen, Brittany <bolen.brittany@epa.gov>; Dravis, Samantha <dravis.samantha@epa.gov>
Cc: Inge, Carolyn <Inge.Carolyn@epa.gov>; Kime, Robin <Kime.Robin@epa.gov>; 'Anne Steckel' <asteckel@biodiesel.org>
Subject: Follow up -- Biodiesel Industry Meeting Request for Tuesday May 23 ...

Mandy, Samantha, Brittany:

We really appreciate the time you have all spent with different folks from the biodiesel industry over the past couple of weeks.

On Tuesday May 23rd four leaders from the Biodiesel Industry will be in Washington DC for a meeting with the Office of Management and Budget to discuss the 2018 RVO proposal.

We would like to meet with you that same day.

Do you have availability any time after noon on that day?

Issues: Our industry is unified on what we think are the appropriate volumes of Advanced Biofuels for 2018 and Biomass-based Diesel for 2019.

This RVO process is new to all of us and we have worked hard to give you a realistic view of our industry. As we move through this process we want to be a resource for your team. We would like to continue that discussion with you and our leadership team next week.

Our team:

Kent Engelbrecht, ADM, Chairman of the National Biodiesel Board (NBB)

Gene Gebolys, CEO of World Energy, Co-Chair of NBB's 2018 RVO Working Group

Gary Haer, REG, Co-Chair of NBB's 2018 RVO Working Group

Jonathan Phillips, COO and General Counsel, RBF Port Neches, LLC

Combined these 4 companies own approximately 20 domestic biodiesel and renewable diesel facilities.

Larry Schafer, CEO Playmaker Strategies

Anne Steckel, VP of Federal Affairs, National Biodiesel Board

Thank you.

Please let me know if we can coordinate a meeting for Tuesday afternoon.



Larry Schafer

Principal

Playmaker Strategies, LLC

750 Ninth St., NW, Suite 650

Washington, DC 20001

Phone: (202)997-8072

Email: Lschafer@PlaymakerStrategies.com

Www: www.playmakerstrategies.com

From: Gunasekara, Mandy [<mailto:Gunasekara.Mandy@epa.gov>]

Sent: Thursday, May 11, 2017 5:59 PM

To: Larry Schafer; Bolen, Brittany

Cc: Inge, Carolyn; Kime, Robin

Subject: RE: Biodiesel Meeting Request for week of May 15 --- Biodiesel meeting follow up!

Hi Larry,

Apologize for the delayed response. Robin or Carolyn, can you help set up a call for Brittany and I this Friday (tomorrow). I'm flexible mid-afternoon.

Best,

Mandy

From: Larry Schafer [<mailto:lschafer@playmakerstrategies.com>]
Sent: Thursday, May 11, 2017 4:49 PM
To: Gunasekara, Mandy <Gunasekara.Mandy@epa.gov>; Bolen, Brittany <bolen.brittany@epa.gov>
Cc: Inge, Carolyn <Inge.Carolyn@epa.gov>; Kime, Robin <Kime.Robin@epa.gov>
Subject: Fwd: Biodiesel Meeting Request for week of May 15 --- Biodiesel meeting follow up!

Mandy and Brittany

Hope you are well

Can we discuss how to make this meeting happen? It's really important to our industry that we have a chance to continue our dialogue with you about the role of biodiesel in the RFS.

Perhaps a call on Friday?

Thank you.

Larry Schafer

Playmaker Strategies

202.997.8072



May 23, 2017

The Honorable Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington DC 20460

Re: 2018 RVO for Advanced Biofuels and the 2019 RVO for Biomass-based Diesel

Dear Administrator Pruitt:

As the U.S. Environmental Protection Agency (EPA) moves forward with setting the Renewable Volume Obligation (RVOs) for "Advanced Biofuels" for 2018 and "Biomass-based Diesel" for 2019 (biodiesel and renewable diesel) under the Renewable Fuel Standard (RFS), I would encourage you to *follow the law* as directed by Congress for both programs.

World Energy has been a leader in biofuel supply since the inception of the biodiesel industry fully two decades ago and is one of America's largest suppliers of biodiesel offering over 200 Million gallons of annual biodiesel production from four plants in the United States. As a domestic energy producer, I can attest that policy certainty and the rule of law is vital to our success.

Recently, on March 9th at the CERAWEEK conference, you said, "we need to provide certainty in the marketplace so that investments can be made to encourage growth and respect the *rule of law*." Additionally you discussed "regulatory overreach" and stated that the lawsuits you initiated while serving as Attorney General of Oklahoma, "were initiated largely because decisions were being made at the agency that didn't *respect the statutory framework put forth by Congress*."

World Energy shares this sentiment. Increasing the domestic production and use of Advanced Biofuels was clearly one of the primary *goals of the Energy Independence and Security Act of 2007* (P.L. 110-140). In EISA, Congress sought "[t]o move the United States toward greater energy independence and security, [and] to increase the production of clean renewable fuels." Specifically, EISA "set forth the minimum annual volumes for each year... and defined transportation fuel to include both gasoline and *diesel fuel*." Additionally, the D.C. Circuit Court found, Congress "directed" EPA "to ensure that transportation fuel sold or introduced into commerce in the United States ..., on an annual average basis, contains at least the applicable volume of renewable fuel" under the statute.

Most recently on April 24, 2017 at oral argument before the D.C. Circuit Court in a challenge to EPA's waiver authority, Judge Brett Kavanaugh stated, "The point [of the statute] was to force the market to develop." He also said, "the statute doesn't seem to give EPA the authority to fix everything that is not working right."

World Energy Boston	185 Devonshire Street, Boston, MA. 02110	(617)889-7300
World Energy Rome	555 W Hermitage Road, Rome, GA. 30161	(706)291-4829
World Energy Harrisburg	2850 Appleton Street Suite E, Camp Hill, PA.17011	(717)512-8195



Additionally, Judge Patricia Millett stated, "the whole reason this statute exists is to force front-end creation so there will be that material for consumers to use.... It seems a little odd to say that EPA ... could say ...we can waive all of these obligations." "That seems to be at war with the whole notion of change and seems to be the one place the Congress didn't want EPA to look." She also said, "When you do act, there has to be a framework."

Therefore, we encourage EPA through the annual RVO rulemaking process to follow the statute and implement volumes for Advanced Biofuels and Biomass-based Diesel in a manner that is consistent with the intent of Congress and that captures the full potential of the biodiesel and renewable diesel industries, which is capable of producing at least 5.25 billion gallons of Advanced Biofuels in 2018.

Due to the RIN values established by Congress by statute, this amounts to only 2.94 billion gallons of biodiesel and renewable diesel. By point of reference, nearly 2.9 billion gallons of biodiesel and renewable diesel were consumed domestically in 2016. We think it is wholly appropriate to set next year's volume level for biodiesel and renewable diesel at a level that is at a minimum consistent with last year's actual usage level.

The biodiesel industry has made great strides in producing domestic energy and diversifying our nation's fuel supply. We have done what Congress has asked us to do and we are creating real manufacturing jobs, generating tax revenue and improving our energy security. We encourage you to take this new opportunity to support the RFS as Congress intended and to support higher RVOs for Advanced Biofuels.

Thank you for consideration.

Sincerely,

Gene Gebolys
President and CEO

World Energy Boston	185 Devonshire Street, Boston, MA. 02110	(617)889-7300
World Energy Rome	555 W Hermitage Road, Rome, GA. 30161	(706)291-4829
World Energy Harrisburg	2850 Appleton Street Suite E, Camp Hill, PA.17011	(717)512-8195

2018 RFS AND 2019 BIOMASS-BASED DIESEL - BIODIESEL, RENEWABLE DIESEL AND ADVANCED BIOFUELS

Meeting with Office of Management and Budget
May 23, 2017



WHO WE ARE

- **U.S. biodiesel and renewable diesel producers, feedstock providers, distributors and marketers – members represent the entire value chain**
- **Kent Engelbrecht, ADM**
 - **Chairman of NBB's Governing Board**
- **Gary Haer, REG**
 - **Co-Chair of NBB's RVO Working Group**
- **Gene Gebolys, WorldEnergy**
 - **Co-Chair of NBB's RVO Working Group**
- **Jonathan Phillips, RBF**
 - **Owner of the largest U.S. biodiesel plant, located near Houston, TX**

These four companies alone represent over 1 billion gallons of production capacity.



EPA MUST CONTINUE TO GROW THE RFS VOLUMES

- **Congress “prioritized” growth “as occurring principally in advanced biofuels” (81 Fed. Reg. at 89,761)**
 - **“Implied” conventional at 15 billion ethanol-equivalent gallons**
 - **“Those targets need to be respected.”**

- Scott Pruitt, Confirmation Hearing, Jan. 18, 2017, *quoted in* Marc Heller, *Pruitt: RFS targets ‘need to be respected,’* E&E News, Jan. 19, 2017.

- **2016 RFS**

- **EPA estimated 2.5 billion gallons total biodiesel and renewable diesel as “maximum” – 80 Fed. Reg. at 77,444**
- **Biomass-Based Diesel production alone exceeded 2.6 billion (over 4 billion RINs generated)***
- **RIN Values consistent**

- **2017 RFS**

- **EPA set at 4.28 billion ethanol-equivalent gallons (over 4.29 billion advanced RINs generated)***
- **First quarter RIN generation exceeds that of 2016**

Biomass-Based Diesel is providing the environmental, economic and energy security benefits sought.

*Based on EPA EMTS



2018 RFS AND 2019 BIOMASS-BASED DIESEL –THERE IS MORE THAN ADEQUATE DOMESTIC SUPPLY

* **2018 Advanced Biofuels –At least 5.25 billion ethanol-equivalent gallons can be easily achieved**

- Biomass-Based Diesel needed would still be below domestic capacity
- Imports continue to increase and more available, registered capacity
- There is feedstock available
- No limitations on distributing and using B20 throughout diesel and distillate fuel market

* **2019 Biomass-Based Diesel –At least 2.75 billion gallons**

- Strong growth signals provide assurances for continued investment

Certainty through timely action is key. The Biomass-based Diesel industry can and has responded.

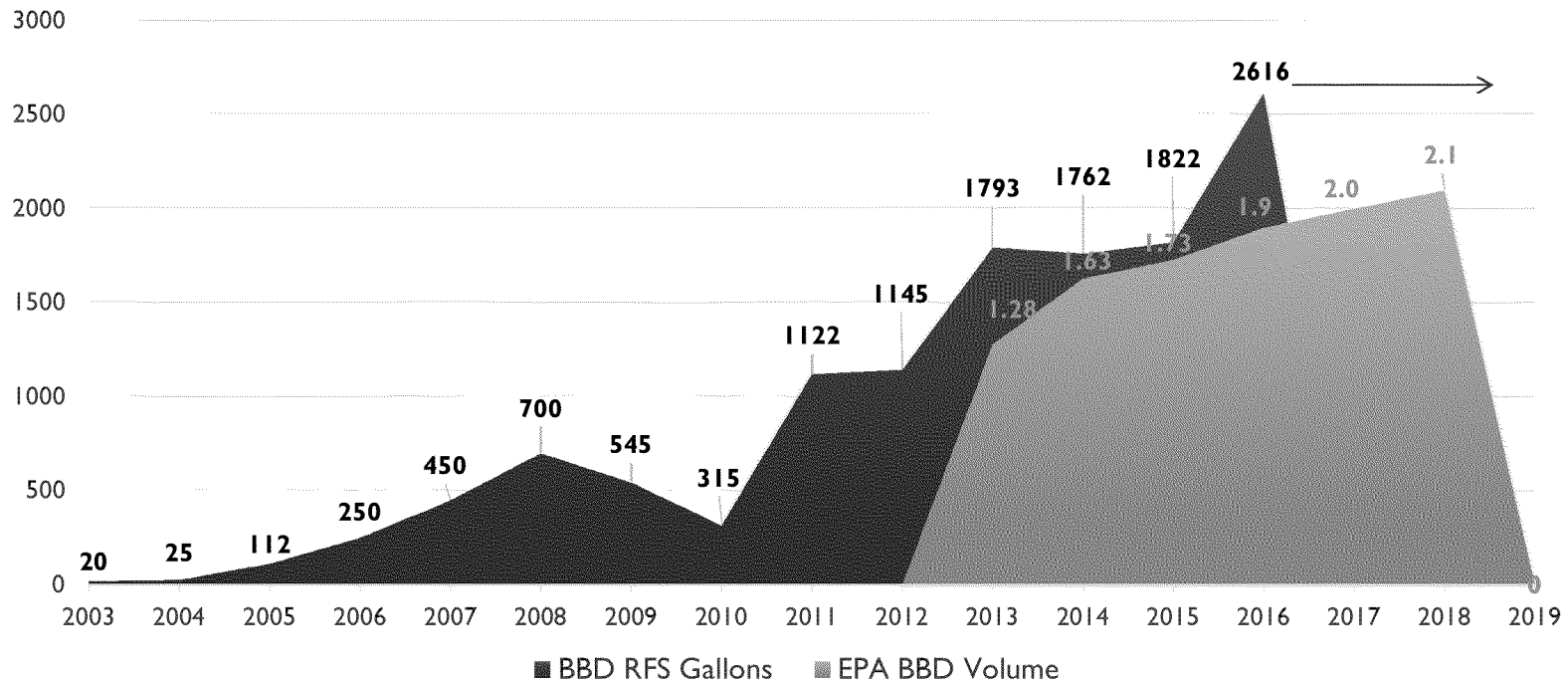


INDUSTRY OVERVIEW

U.S. Biomass-Based Diesel Market

(millions of gallons)

Source: EPA EMTS (data as of April 10, 2017)



A 2.75 BILLION GALLON D4 MANDATE FOR 2019 WILL NOT UNDERMINE COMPETITION IN ADVANCED BIOFUELS

- * 2.75 billion gallon BBD mandate supports competition by:
 - * Retaining existing unused US capacity (<65% capacity utilization – based on EIA, not counting many closed/idled plants)
 - * Expanding and diversifying US biodiesel capacity
 - * Promoting additional distribution investments
 - * Allowing for lower transportation costs with increased scale
- * BBD doesn't compete with other advanced fuels, e.g., cellulosic
 - * No “crowding out” effect from increased D4 mandate
 - * Supports certainty and increased investment in advanced biofuels
 - * Only other commercial-scale advanced biofuel: sugarcane ethanol imports into gasoline market
 - * Uses beyond motor vehicles



MORE THAN SUFFICIENT AVAILABLE SUPPLY

- **EPA estimates U.S. biodiesel registered capacity at approximately 3.5 billion gallons (81 Fed. Reg. at 89,782)**
- **EPA estimates U.S. renewable diesel registered capacity at approximately 0.7 billion gallons (81 Fed. Reg. at 89,872)**
 - **3.5 plus .7 = 4.2 billion gallons (>6 billion RINs)**
- **Then there's foreign registered production capacity and domestic D5**
 - **Over 4 Billion Gallons in D4 Registered Capacity (Imports discussed later) (as of May 2016)**
 - **Over 4 Billion Ethanol-Equivalent Gallons in D5 Foreign Registered Capacity (Genscape)**
 - **Over 1 Billion Ethanol-Equivalent Gallons in D5 Domestic Capacity (Genscape)**
 - **Almost 800 Million Gallons in D3/D7 Foreign/Domestic Capacity (Genscape)**

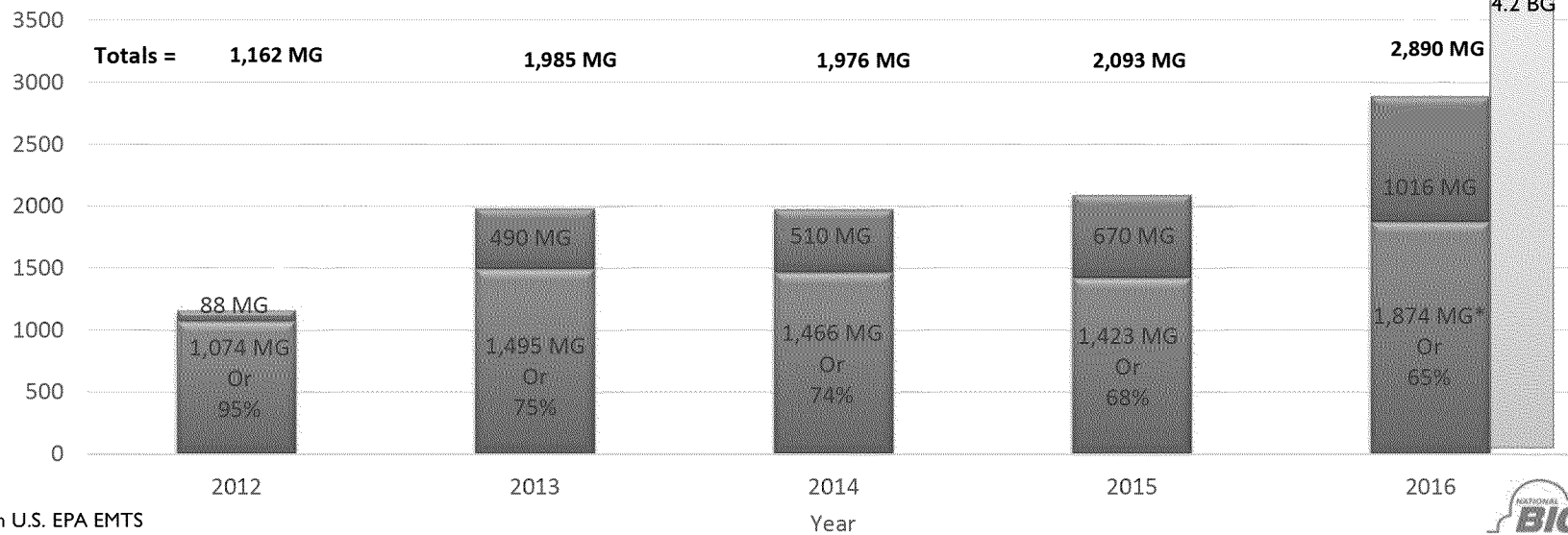
Around 18 Billion Potential Available RINs.



IMPORTS

Imported fuel
 Domestically produced fuel
 Foreign Capacity – Active*
 Domestic Registered Capacity

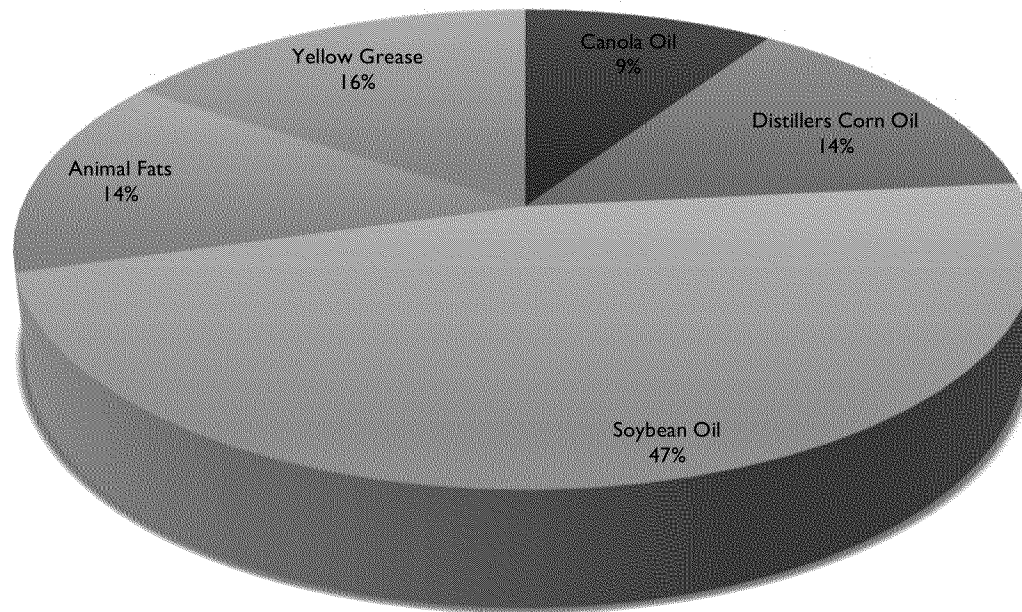
Biodiesel and Renewable Diesel (millions of gallons)



Data collected from U.S. EPA EMTS
 *From Key Countries

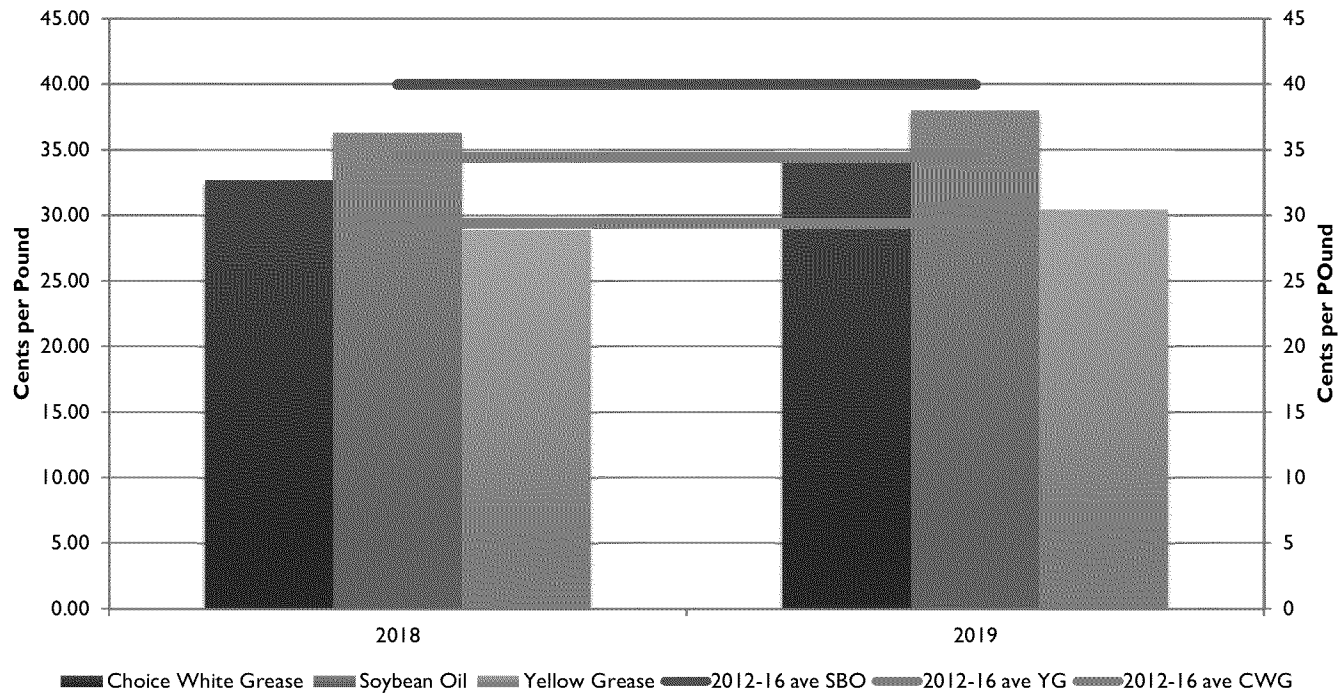


FEEDSTOCKS FOR BIOMASS-BASED DIESEL



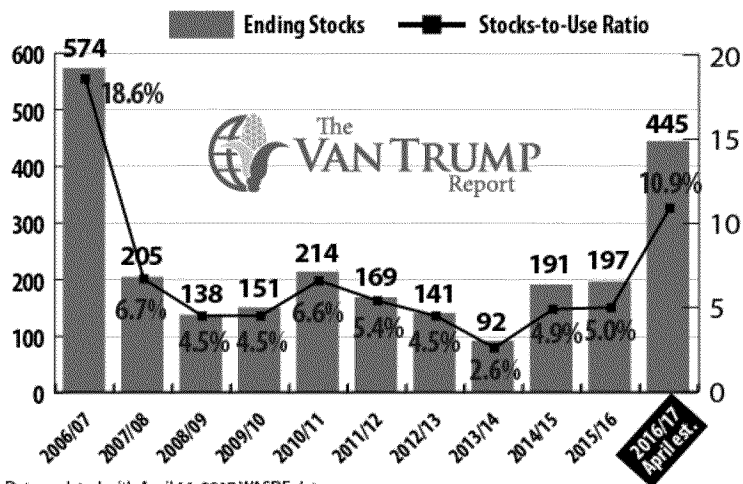
FEEDSTOCK PRICES AT OR BELOW 5 YEAR AVERAGE

**Feedstock Prices with BBD RVO at 2.75 billion in 2019 and
Advanced Biofuels RVO at 5.25 billion in 2018**



MORE THAN SUFFICIENT FEEDSTOCK 2017 TRENDS INDICATE INCREASED RAW MATERIAL SUPPLIES

U.S. Soybean Stocks-to-Use



Source: Data updated with April 11, 2017 WASDE data

- * Large projected US supplies of vegetable oils
- * Record US soybean acreage in 2017 (Mar Prospective Plantings Report)
- * Stocks to Use ratio projected to be 2x recent years
- * Record US meat production (2017 AgOutlook Forum)
- * Large South American crop harvested (WASDE)

MORE THAN SUFFICIENT FEEDSTOCK EXPANSION OF SLAUGHTERING CAPACITY

Pork Packing Capacity Expansion Plans

U.S Packing Capacity Under Construction						
	Fall 2016		Fall 2017		Fall 2018	
	Daily Hd	Ann Hd	Daily Hd	Ann Hd	Daily Hd	Ann Hd
Pleasant Hope, MO	2,500	625,000	2,500	625,000	2,500	625,000
Windom, MN			4,000	1,000,000	4,000	1,000,000
Sioux City, IA			12,000	3,000,000	12,000*	3,000,000
Coldwater, MI			10,000	2,500,000	10,000	2,500,000
Wright County, IA					10,000	2,500,000
Total	2,500	625,000	28,500	7,125,000	38,500	9,625,000
Head per week		12,019		137,019		185,096
Pct of '15 avg = 2.195 mil.		0.5%		6.2%		8.4%
Pct of '15 max = 2.507 mil.		0.5%		5.5%		7.4%

*This plant could process 20,000 head per day if double-shifted by the end of 2018

Last Updated: 11/2/16

People. Pigs. Planet.™

**pork
checkoff.**

NATIONAL
BIO DIESEL
BOARD

MORE THAN SUFFICIENT FEEDSTOCK EXPANSION OF OILSEED PROCESSING CAPACITY

* Recent Headlines

- * Ag Processing Inc. to Construct Soybean Processing Plant in South Dakota—Dec 12, 2016
- * Zeeland Farm Services building second soybean facility in Ithaca —October 5, 2016
- * Minnesota Soybean Processors to pursue ND soybean processing plant —Feb 8, 2017



THANK YOU!

☐ **2018 Advanced Biofuel**
= at least 5.25 billion gallons

☐ **2019 Biomass-based Diesel Volume**
= at least 2.75 billion gallons

