

GBC Briefing Memo for Call with Administrator Pruitt (April 8, 2017)
Regulatory Actions and Initiatives

The purpose of the call is to introduce Administrator Pruitt to important regulatory modifications and initiatives that will help grow the states' biofuels industry while protecting air quality and to identify collaborative next steps for the states and EPA to implement these actions. Many of these initiatives were suggested in the Coalition's recent letter to President Trump (attached).

The Coalition is eager to work with the Administrator to address these and other important issues:

Extend the RVP Waiver to Higher Ethanol Blends.

Despite the Coalition's repeated requests, EPA has interpreted the *Clean Air Act* to deprive higher ethanol blends of the benefit of a partial waiver of the Reid Vapor Pressure (RVP) limit that should apply to all gasoline containing at least 10 percent ethanol. RVP is a measure of a fuel's tendency to evaporate. The fuel's evaporative tendency diminishes with increasing levels of ethanol over 10 percent. In other words, E15 has lower evaporative emissions than E10, and E30's RVP is even lower still. However, as a result of EPA's interpretation, retailers are blocked from selling E15 — an otherwise legal fuel — during certain times of year or else use a separate low-vapor pressure gasoline blend stock. EPA regulations have unnecessarily limited the amount of clean-octane ethanol in the market, despite the economic and environmental benefits that would come with increased ethanol consumption.

Authorize State and Regional E30 Test Programs.

Automakers have asked EPA to create a commercial pathway to use of higher-octane gasoline. Higher-octane gasoline is required for advanced high compression engines that are optimized to use the higher-octane fuel, reducing the price of gasoline, improving vehicle performance, and reducing carbon and other harmful emissions. Recently, the South Dakota legislature adopted a resolution calling for the use of E30 gasoline in all state fleet vehicles that would help demonstrate that higher ethanol blends improve vehicle performance and does not interfere with emissions control systems.

Consider the Use of High-Octane Ethanol to Meet GHG-CAFE Requirements.

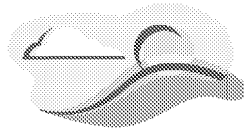
The Administration's recent announcement to "reset" the Mid-Term Evaluation process for the previous Administration's GHG – CAFE rule provides an opportunity to consider the use of high-octane ethanol. The MTE review provides an appropriate vehicle to encourage the widespread availability of higher-octane gasoline that automakers must have to power efficient downsized, turbocharged, and higher compression engines.

Update Lifecycle Carbon Findings.

EPA's estimate of the lifecycle carbon emissions associated with ethanol have not been updated for a decade, thereby sanctioning the use of obsolete data to distort the public's perception of biofuels' environmental benefits. Recent studies show that one of the most effective ways to reduce the carbon in gasoline is to encourage the widespread use of high-octane, lower carbon gasoline blends.

Update Mobile Emissions Model.

EPA should update the 2014 MOVES model to prohibit spurious comparisons of high- and low-ethanol emissions factors. The MOVES model — which EPA requires the states to use in developing their state implementation plans — poses a danger to those who live in the nation's largest cities or near congested roadways. The model is currently under review by the FACA MOVES Review Work Group, but that group has not prioritized a review of the relevant emissions factors. Unless EPA corrects this emissions model, it will force states to adopt the model's mistaken conclusions about ethanol's contribution to air pollution when they make decisions on how to comply with the *Clean Air Act's* emissions requirements.



GOVERNORS' BIOFUELS COALITION

• Nebraska Gov. Pete Ricketts, Chair • Iowa Gov. Terry Branstad, Former Chair • South Dakota Gov. Dennis Daugaard, Former Chair

March 6, 2017

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

We write on behalf of governors from states across the nation who believe that two of America's great treasures are agriculture and renewable fuels and to commend you for your positive statements about biofuels over the last year.

Our states are the home to over 200 biorefineries that are producing tens of thousands of jobs, sequestering tons of carbon, saving millions of barrels of foreign oil, and making enormous financial contributions to our states' and the nation's economies. As governors, we agree that one of the best ways to meet the nation's energy needs is to expand biofuels production.

We look forward to working with your Administration to maximize these benefits through the following initiatives, which can be addressed with regulatory modifications and better alignment to current law:

- The U.S. Environmental Protection Agency (EPA) should provide parity for E10 and higher ethanol blends. EPA's erroneous legal analysis that E15 — although it is an even cleaner fuel than E10 — does not qualify for the decades-old partial exemption of E10 from the *Clean Air Act's* fuel volatility limitations discriminates against higher blends of ethanol and demonstrates unnecessary red tape from Washington, DC.
- EPA's lifecycle carbon findings should be updated. The EPA has failed to update lifecycle carbon findings for a decade, thereby sanctioning the use of obsolete data. This distorts the public's perception of biofuels' environmental benefits. Recent studies show that an effective way to reduce the carbon in gasoline is the widespread use of high-octane, lower carbon gasoline blends.
- The EPA should enforce the Renewable Fuel Standard as approved by Congress.

- EPA should update the 2014 Motor Vehicle Emission Simulator (MOVES) model to prohibit spurious comparisons of high- and low-ethanol emissions factors. The MOVES model — which EPA requires the states to use in developing their state implementation plans — negatively impacts those who live in the nation’s largest cities or near congested roadways.

We believe these steps will further advance the development of the nation’s renewable energy resources by removing bureaucratic administrative barriers. We look forward to working with you, your Administration and Congress to further our states’ and the nation’s biofuel energy development.

We would welcome an opportunity to renew that important state-federal partnership. Thank you for your consideration of our request and your commitment to the nation’s energy future. Please contact us if we can be of further assistance.

Sincerely,



Pete Ricketts
Vice Chairman and
Governor of Nebraska



Terry E. Branstad
Former Chairman and
Governor of Iowa



Dennis Daugaard
Former Chairman and
Governor of South Dakota

cc:

The Honorable Rick Perry, U.S. Secretary of Energy Nominee

The Honorable Scott Pruitt, U.S EPA Administrator

The Honorable Sonny Perdue, U.S Department of Agriculture Nominee

The Honorable Mick Mulvaney, White House Office of Management & Budget