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

Meeting with EPA Office of The Administrator
May 17, 2017



WHO WE ARE

- **U.S. biodiesel and renewable diesel producers, feedstock providers, distributors and marketers – members represent the entire value chain**
- **Biodiesel is produced in plants across the country, from California to Maine**
 - Biodiesel supports jobs throughout the economy
 - Distribution is flexible, available and growing
- **Biodiesel uses a diversity of feedstocks**
 - NBB started by soybean farmers, but has grown to include renderers, used cooking oil, canola oil, etc....
 - Co-products, by-products and wastes

Biodiesel was the first U.S. commercial-scale advanced biofuel.

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
- **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**
 - NBB believed at least 4.75 billion ethanol-equivalent gallons could be easily achieved for Advanced Biofuels
 - EPA set at 4.28 billion ethanol-equivalent gallons
 - First quarter RIN generation exceeds that of 2016

The Biomass-Based Diesel Industry Has Responded Every Time.

*Based on EPA EMTS



CERTAINTY IS KEY

- **Timely Issuance of Standards**
 - We fully appreciate and support EPA's efforts to stay on track from a timing perspective
- **A Strong Growth Trajectory**
 - **2018 RFS – At least 5.25 billion ethanol-equivalent gallons can be easily achieved for Advanced Biofuels**
 - Biomass-Based Diesel needed to meet Advanced Biofuels 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 the Diesel and Distillate fuel market
 - **2019 Biomass-Based Diesel – At least 2.75 billion gallons**
 - Strong growth signals from EPA can provide assurances for continued investment

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

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

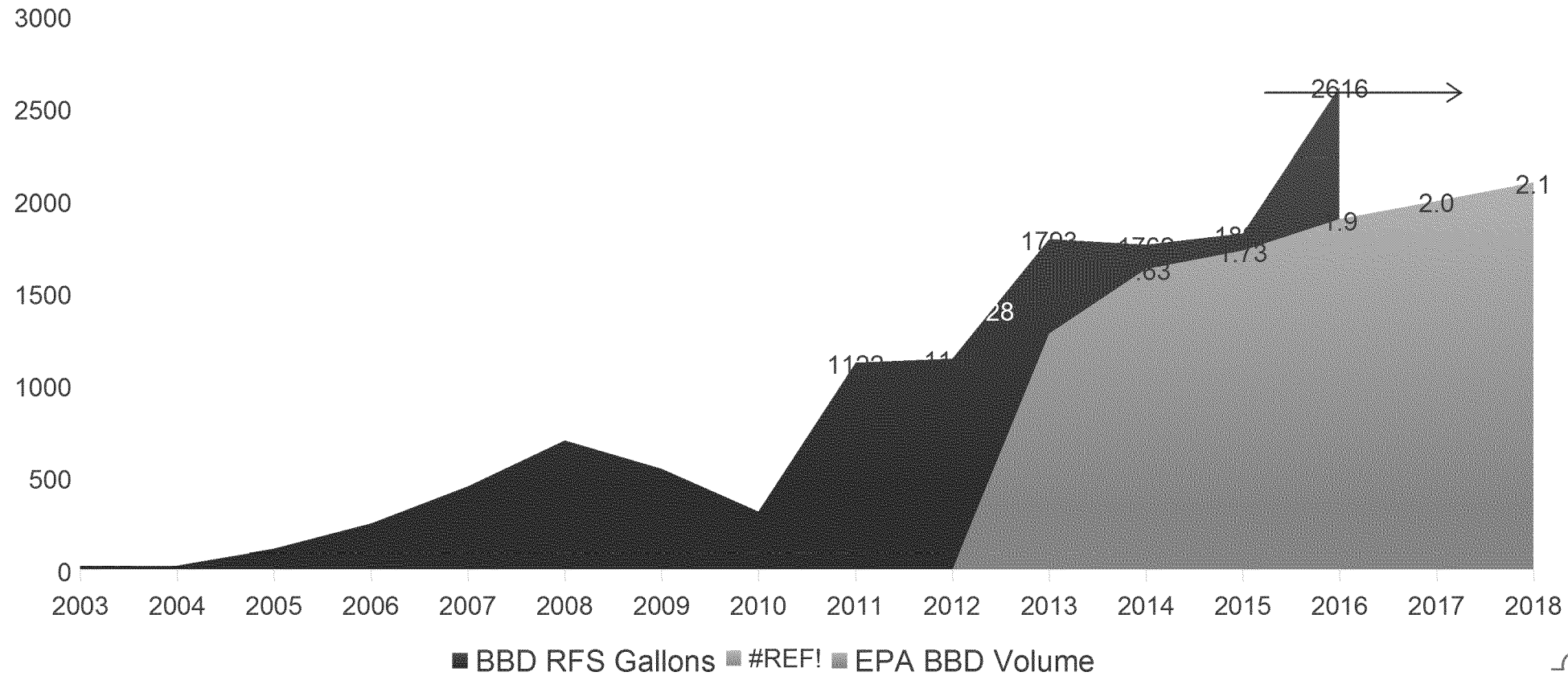
- * 2.75 billion gallon BBD mandate supports competition by;
 - * Retaining existing unused US capacity (<65% capacity utilization – based on EIA, not counting many closed/idled plants)
 - * Expanding and diversifying US biodiesel capacity
 - * Promoting additional distribution investments
 - * Allowing 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

INDUSTRY OVERVIEW

U.S. Biomass-Based Diesel Market

(millions of gallons)

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



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

Totals =

1,985 MG

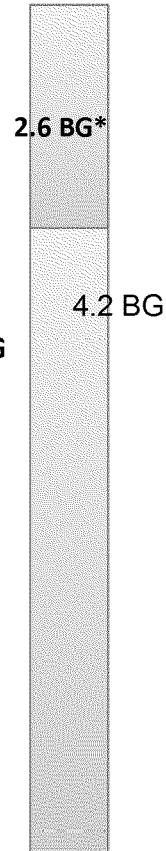
Data collected from U.S. EPA EMTS

*From Key Countries

1,976 MG

2,093 MG

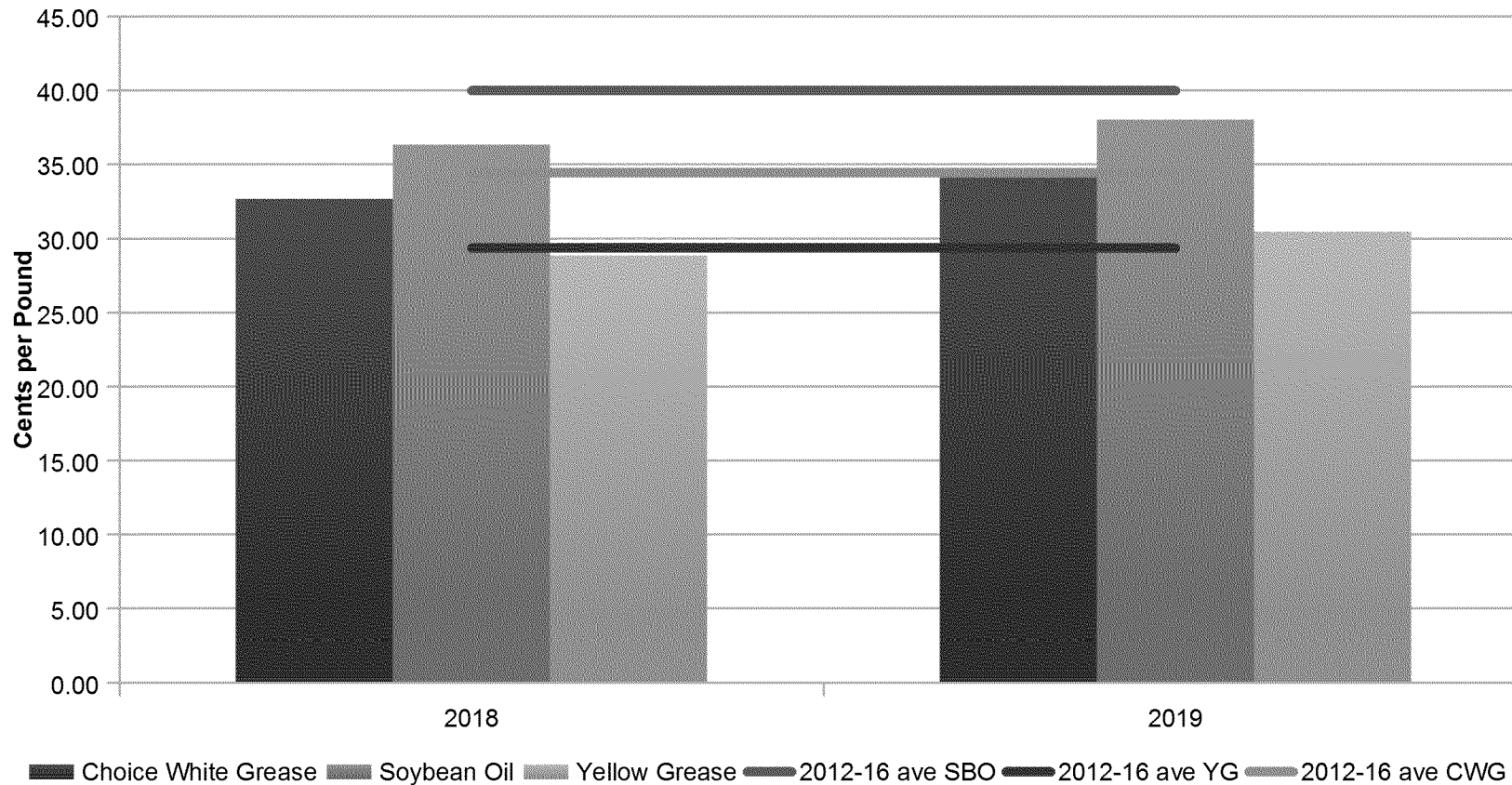
2,890 MG



More than 6.8 billion gallons in registered capacity

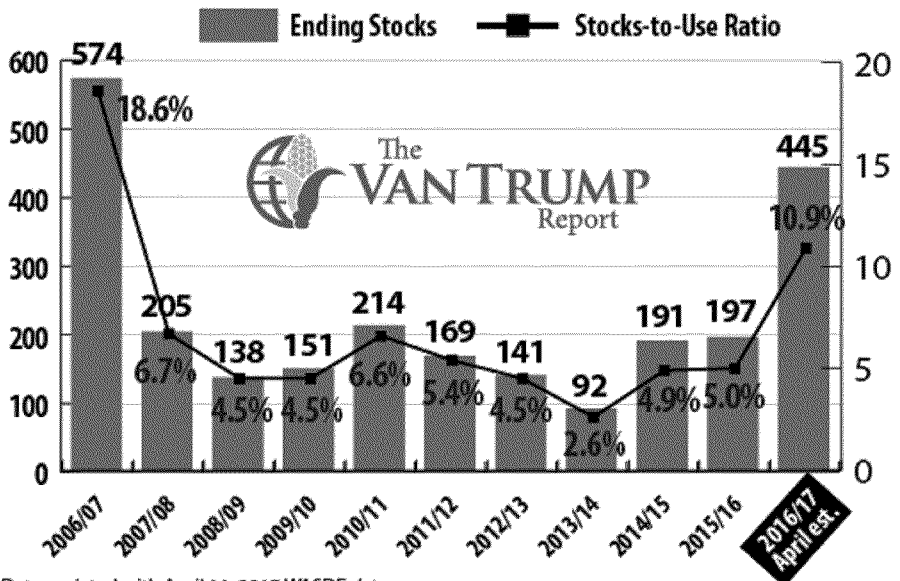
FEEDSTOCK PRICES AT OR BELOW 5 YEAR AVERAGE

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



MORE THAN SUFFICIENT FEED 2017 TRENDS INDICATE INCREASED SUPPLIES

U.S. Soybean Stocks-to-Use



Source: Data updated with April 11, 2017 WASDE data

EDSTOCK CREASED RAW MATERIAL

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.**

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

