

NEWS RELEASE



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AFPM Responds to EPA Short-Term RFS Fix

WASHINGTON – The American Fuel & Petrochemical Manufacturers (AFPM) issued the following statement in response to the Environmental Protection Agency's (EPA) proposed rule to set the required volumes for the federal ethanol mandate in 2014, which recognizes and seeks to mitigate the harmful impact of exceeding the E10 blendwall:

EPA's recognition of the blendwall and the potential adverse effects on consumers is a welcome step, however greater reductions in the biofuel mandate are necessary if consumers are to avoid all the detrimental impacts of the statute. Additionally, EPA's actions can only be short-term in nature and point to the need for Congress to work quickly in addressing the severely flawed and totally outdated Renewable Fuel Standard (RFS).

The RFS requires quantities of biofuel to be consumed that are well beyond the technical limitations of many engines in service today. The vast majority of existing vehicles and infrastructure cannot handle a gasoline supply containing more than ten percent ethanol ("E10"), which leads to what is referred to as the "E10 blendwall." Our nation's gasoline supply is currently maxed out at E10, indicating we have reached this "blendwall" and cannot use more ethanol without threatening consumer engines and refueling infrastructure.

In its Aug. 2013 waiver request, AFPM petitioned for a 9.7 percent cap on ethanol in gasoline and continues to believe that this is the minimum waiver necessary to promote liquidity in the RIN market, retain a supply of pure gasoline required for some engines, and account for historical differences between EIA projections of gasoline demand and actual demand.

"The fact that EPA must issue a waiver – and will need to continue waiving the ethanol mandate under the RFS in future years – is strong evidence that the program is broken," said AFPM President Charles T. Drevna. "While we still believe that even further reductions are necessary and warranted, EPA's proposal acknowledges the adverse consumer impacts associated with the RFS. The basic fact remains that the agency's action is little more than triage applied to a program that requires legislative surgery," he added.

In addition, EPA's proposed requirement of 17 million gallons of cellulosic biofuel is unrealistic. Even the low end of the proposed range represents more than an 800 percent increase from the amount of cellulosic fuel that was actually produced in 2013. EPA's methodology used to predict the volume of cellulosic fuel is flawed in that it incorporates the biased estimates of the cellulosic producers themselves.

"While we are pleased that EPA has taken steps to avoid the blendwall in 2014, we remain concerned that the proposed rule leaves open the possibility that the biofuel mandates will exceed the maximum amount of ethanol that can be safely added to our gasoline supply. We also remain concerned that the agency continues to set cellulosic biofuel mandates at aspirational levels that are divorced from reality. Consumers should be shielded from the costs of an overly aggressive biofuel mandates and Congress should address this issue immediately before this unworkable law does further damage," Drevna continued.

EPA is required by the Clean Air Act to promulgate volumes for 2014 by November 30, 2013. In 2013, the Agency was nine months late and the rule was made retroactive back to January 1, causing uncertainty in the transportation fuels markets. In addition, EPA was required to set the biomass-based diesel volume for 2014 by October 30, 2012. The Agency will miss this deadline by more than a year. AFPM urges EPA to accelerate its rulemaking process to meet the statutory schedule.

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About AFPM

AFPM, the American Fuel & Petrochemical Manufacturers is a trade association representing high-tech American manufacturers of virtually the entire U.S. supply of gasoline, diesel, jet fuel, other fuels and home heating oil, as well as the petrochemicals used as building blocks for thousands of vital products in daily life. AFPM members make modern life possible and keep America moving and growing as they meet the needs of our nation and local communities, strengthen economic and national security, and support 2 million American jobs.