Good morning. My name is Sarah Caswell. I am the Administrator of the Nebraska Ethanol Board, a state agency promoting the continued strength and growth of the ethanol industry in Nebraska. I am glad to have this opportunity to offer verbal testimony in response to EPA’s proposed rule that would modify regulations governing E15 and the RFS RIN market.

Nebraska’s elected officials and ethanol industry stakeholders, including farmers, producers, retailers and consumers were encouraged to hear President Trump announce last fall that he would direct EPA to move forward with the necessary rulemaking that would enable the nation’s retailers to sell E15 year round. That the 1 pound RVP waiver has not been applied to E15 during the summer months since 2011 when the agency approved the fuel for use in 2001 and newer light duty vehicles has effectively hindered greater demand for E15 for 8 years.

Given the impacts of the recent record flooding in Nebraska, ongoing downturn in the agriculture economy, effects of the increased small refinery waivers granted and unpredictable relationships with some of our major trading partners, the opportunity for an increased demand driver for Nebraska’s ethanol is needed now more than ever. For this reason, I urge EPA to (1) separate the proposed changes to E15 from those which are more complicated, controversial and thus time consuming to the RFS RIN market and (2) to finalize the E15 modifications before June 1st in a way that ensures that all U.S. retailers that want to sell their E15 all year, may do so.

This will provide an essential market signal to show ethanol industry stakeholders that demand for crops for and the production of ethanol will continue into the future. To provide the best opportunity for increased demand and the strongest market signal, I urge EPA to ensure that
the final rule makes it clear that all E15 for sale by retailers that is shown to be 10 psi or lower through fuel sample testing qualifies for the 1-psi waiver and is allowed under the program.

I urge the agency not to finalize its proposed RIN market regulation reforms that would (1) effectively prohibit non-obligated parties from purchasing separated RINs, and (2) limit the time period that non-obligated parties may hold separated RINs. These changes would harm blenders and retailers that use value they achieve from separated RINs to facilitate sales of higher ethanol blends at prices that are attractive and competitive for their customers. The value from the separated RINs also promotes their ongoing investments in infrastructure to store and sell higher ethanol blends.

Thank you for the opportunity to provide these comments.
Written Testimony Submitted at the Public Hearing on  
EPA’s Proposed Modifications to E15 Flexibility and RFS RIN Market Regulations  
Submitted by Governor Pete Ricketts of Nebraska  
Friday, March 29, 2019  
Ypsilanti, Michigan

While I would like to be at the hearing today in person, I am pleased to offer this written testimony on the U.S. Environmental Protection Agency’s (EPA’s) proposed rule that would modify (1) fuel regulations to provide flexibility for E15 and (2) RFS RIN market regulations.

In April 2018, I along with other Midwest Governors met with President Donald Trump at the White House where he informed us that he would direct the EPA to authorize year-round sales of E15. Last fall, I was also with President Trump in Council Bluffs, Iowa, when he announced that he was directing the EPA to begin the rulemaking process that would result in the ability for fuel retailers to sell E15 year-round, nationwide. Along with other elected officials from Nebraska, Iowa, and additional biofuel producing states, I was encouraged and hopeful that the promise of year-round sales of E15 in the United States would become a reality before the next summer driving season begins on June 1, 2019.

I am still hopeful for this outcome. However, given the importance of year-round E15 to Nebraska’s ethanol industry and that we are just about two months from the start of this year’s summer driving season, I urge the EPA to (1) separate the proposed changes to E15 from those which are more complicated, controversial and thus time consuming to the RFS RIN market and (2) to finalize the E15 modifications before June 1 in a way that ensures that all U.S. retailers that want to sell their E15 all year, may do so.

The ethanol industry’s success is vital to the health of the Nebraska economy. It offers an important additional value stream into which farmers can sell their products to prevent oversupply issues. It also creates thousands of good-paying jobs that enable native Nebraskans to stay or return to their homes in more rural communities. According to a recently released study by the University of Nebraska-Lincoln, in 2016, for instance, the total labor income impact from the ethanol industry in the state, including direct and indirect jobs, was $275 million earned from an estimated 3,509 jobs.

Providing retailers the ability to sell E15 all year throughout the country will help strengthen and grow the ethanol market in the state, along with its economic and environmental benefits. It will help provide the necessary market signal to show ethanol industry stakeholders that demand for crops and the production of ethanol will continue into the future. This market confidence is especially important, as Nebraska farmers are already dealing with an ongoing downturn in the national agriculture economy, record local flooding issues, as well as unknowns with some of our global trading partners.
I commend the agency for its proposed modifications to E15 flexibility and urge the agency to finalize these changes that would allow for year-round sales of E15 nationwide as soon as possible and before summer driving season begins on June 1. I encourage the agency to ensure that the final rule modifies proposed blender pump language to make clear that all E15 for sale by retailers that is shown to be 10 psi or lower through fuel sample testing qualifies for the 1-psi waiver and is allowed under the program.

I urge the agency not to finalize its proposed RIN market regulation reforms that would (1) effectively prohibit non-obligated parties from purchasing separated RINs, and (2) limit the time period that non-obligated parties may hold separated RINs. These changes would harm blenders and retailers that use value they achieve from separated RINs to facilitate sales of higher ethanol blends at prices that are attractive and competitive for their customers. The value from the separated RINs also promotes their ongoing investments in infrastructure to store and sell higher ethanol blends.

Rather than finalizing the proposed changes to the RFS RIN market regulations, EPA should move forward and finalize the regulatory changes that would allow for year-round, nationwide E15 sales for such blended fuels that are 10 psi or lower, which then should qualify for the 1 psi waiver. This is the fastest way that allows for more ethanol blending, resulting in more RINs on the market, which would likely lower the price of RINs. That would seem to achieve a goal of the obligated parties, while ensuring the stability and growth opportunities needed by ethanol industry stakeholders, including farmers, producers, and retailers in Nebraska and throughout the country.

Sincerely,

Pete Ricketts
Governor of Nebraska