

September 9, 2019

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

Dear Mr. President,

We are writing to express dismay at your recent decision to grant 31 waivers from the Renewable Fuel Standard (RFS) program. Plainly stated, that decision is putting U.S. biodiesel producers out of business and worsening the year's outlook for soy farmers. And while you have expressed concern to save small petroleum refineries, you should also understand that small U.S. biodiesel producers need a positive signal.

Within a week of your decision on the 31 waivers, one U.S. biodiesel producer announced plans to close three plants – in Pennsylvania, Georgia, and Mississippi.¹ Other producers have announced closings and laid off workers.² More than 200 million gallons of domestic biodiesel production has been idled this year, due to instability in federal policy. We anticipate that additional facilities will close over the next several months if you do not take quick action to restore RFS volumes for biodiesel and renewable diesel.

Every small refinery waiver issued by the Environmental Protection Agency has the potential to put a U.S. biodiesel producer out of business. A small oil refiner processing 75,000 barrels of oil per day can produce nearly 1 billion gallons of fuel in a year. The RFS program requires that oil refiner to blend about 20 million gallons of biodiesel or renewable diesel during the year – a very small fraction of overall fuel production. However, there are dozens of biodiesel producers who produce 20 million gallons of fuel or less each year; three-fifths of U.S. producers are small, non-integrated facilities.

Small refinery waivers destroy demand for all biofuels across the board, with a significant impact on domestic biodiesel and renewable diesel producers. According to University of Illinois economist Scott Irwin, the exemptions especially harm biodiesel and renewable diesel producers because of the way the RFS is constructed.³ The 1.4 billion gallons of renewable fuel eliminated from the 2018 RFS through the 31 waivers includes hundreds of millions of gallons of biodiesel and renewable diesel in the biomass-based diesel, advanced and overall volumes.

¹ World Energy, "[RFS Waivers by Trump's EPA push World Energy to close 3 plants.](#)" Biodiesel Magazine, Aug. 16, 2019.

² Koperski, S. "[Beatrice biodiesel plant to close.](#)" Beatrice Daily Sun, July 1, 2019. "[REG to close Texas biodiesel plant, cites challenging business conditions.](#)" ChemWeek, July 24, 2019

³ Irwin, S. "[Small Refinery Exemptions and Biomass-Based Diesel Demand Destruction.](#)" *farmdoc daily* (9):45, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, March 14, 2019.

The small refinery exemptions are compounding the policy headwinds our industry is facing. Biodiesel producers have waited more than 20 months for Congress to address expired tax incentives. Additionally, your U.S. Department of Commerce is proposing to virtually eliminate countervailing duties on unfairly subsidized Argentine biodiesel. Those duties were put in place to counteract years' worth of unfair trade practices by Argentina. Soy farmers have faced closed markets, depressed crop prices, and weather-related challenges. Those forces have reduced soy planting by 15 percent for the current marketing year. Biodiesel is a value-added market driver for America's soybeans, at a time when markets have been shut or diminished.

The biodiesel industry continues to rely on the RFS to incentivize growth. Biodiesel and renewable diesel can be used in any existing diesel engine without special equipment for blending or dispensing. Producers therefore rely on a positive signal and support from federal programs to continue opening the transportation market to higher volumes.

Biodiesel producers and soy farmers rely on the RFS program. Growth in the biodiesel market is the only way to keep domestic producers operating and protect U.S. workers' jobs. Unfortunately, EPA is proposing zero growth for biomass-based diesel. We have asked the agency to do two things: first, properly account for the small refinery exemptions handed out over the past few years and going forward; and second, provide growth in the biomass-based diesel market for 2020 and 2021.

We ask that you continue to support the RFS and save small biodiesel producers.

Sincerely,

	
	
	





