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Environmental Protection Agency
William Jefferson Clinton Federal Building
1200 Pennsylvania Ave., NW
Washington, DC 20460
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RE: Docket No. EPA-HQ-OAR-2018-0167

Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020

On behalf of the American Soybean Association (ASA), I welcome this opportunity to comment on the proposal for the Renewable Fuel Standard (RFS) Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020. The ASA appreciates that the EPA proposal calls for growth to 2.43 billion gallons of biomass-based diesel for 2020 and 4.88 billion gallons of total advanced biofuels for 2019. Soybean farmers and our biodiesel industry partners can meet these proposed targets and, as the EPA Proposed Rule acknowledges, we have the production capacity and feedstock to reasonably achieve even further growth.

Soybean farmers have a significant stake in the biodiesel market and we're proud of the leading role we've played in establishing and developing the industry. In addition to the benefits biodiesel provides toward diversifying our national fuel supply and reducing greenhouse gas emissions, it has also expanded markets for farmers and livestock producers and created new jobs and economic growth, especially in rural America.

The biodiesel industry has provided these benefits without any significant disruption or adverse impacts to consumers. Our industry has always advocated for RFS volumes that are modest and achievable and we have met or exceeded the targets each and every year that the program has been in place.

As EPA recognizes, soybean production is driven by global protein demand. Soybean oil is a co-product of the protein meal production, and biodiesel creates a value-added market for the co-product oil generated by the protein demand. Global demand for protein from animals and crops is increasing, which will increase the availability of vegetable oils and fats.

The growing global protein demand has resulted in steadily increased soybean production in the U.S. over the past three decades from 58 million acres to over 89 million acres in 2018. The U.S. Department of Agriculture projects that soybeans will be the most planted crop in

the U.S. over the next 10 years. Per acre yields have also steadily increased enabling farmers to meet the increased demand for soybean protein meal with increasing efficiency and sustainability. Since 1980 U.S. farmers have increased production by 96% while using 8% less energy, land use per ton of soybean production has decreased by 35% and greenhouse gas emissions have decreased by 41% per ton. This is documented in the Soy Sustainability Assurance Protocol (SSAP), which describes the regulations, processes and management practices that ensure sustainable soybean production and is one part of the overall U.S. soybean producer sustainability program which includes a national measurement system of the positive environmental outcomes by producers. The most recent edition of the SSAP is available at: <https://ussec.org/wp-content/uploads/2017/10/U.S.-Soy-Sustainability-Assurance-Protocol-October-2017.pdf>

Despite the increasing soybean production and efficiency EPA continues to cite limitations and the potential for diversion of feedstocks from previous uses. This has not been the case and the data, trends, and other factors demonstrate that there will be additional soybean production and soybean oil stocks in the coming years.

The July USDA World Agricultural Supply and Demand Estimates (WASDE) report, released after the EPA Proposed Rule was issued, showed a 600,000 acre increase in 2018 soybean plantings from the June estimate. For soybean oil, the July WASDE report projected increases in beginning stocks, production, ending stocks, and use for domestic biodiesel production with *no decline* in soy oil use for food, feed, or other industrial purposes. In fact, compared to 2016/17, WASDE projects soy oil use for food, feed, and other industrial uses to *increase*.

The subsequent August WASDE report projects U.S. oilseed production for 2018/19 to be up 7.7 million tons from the July estimates due primarily to a higher soybean production forecast. Soybean production in the August WASDE report is forecast at 4,586 million bushels, up 276 million from July estimates due to higher yields. The soybean yield forecast of 51.6 bushels per acre is 3.1 bushels above the July estimates and 2.5 bushels per acre above last year. As a result of the higher production, soybean supplies for 2018/19 are projected at a record 5,040 million bushels, 5 percent above the July estimates. Ending stocks are now projected at 785 million bushels, up 205 million from the July estimate. All indications are that production and supplies are increasing in the near-term.

Like the July report, the August WASDE report also projects increases in soy oil use for food, feed, and other industrial uses. Demand from biodiesel markets and the RFS have not caused the diversion of soybean oil from food use in the past and is not expected to in the future. In fact, to the contrary soybean oil has been displaced from food markets due to the trans-fat issues and the biodiesel market has provided soybean farmers with a valuable replacement for that lost market. Soybean oil has been displaced from domestic food markets as a result of the FDA determination requiring the elimination of all partially hydrogenated oil, which creates trans-fat. Since the trans-fat labeling requirements were announced in 2003, approximately four billion pounds of annual soy oil use has been displaced from the food market. A complete ban on the use of partially hydrogenated oils in food took effect on June 18, 2018.

The market outlet that biodiesel provides for soybean oil also benefits livestock production by improving the margins for soybean processing and lowering the cost of soy meal used for livestock feed. A 2015 analysis by Informa Economics showed that biodiesel resulted in

lower feed costs for U.S. livestock producers that ranged from \$21 to \$42 per ton, totaling \$5.9 to \$11.8 billion in total value.

The jobs and economic impact of the biodiesel industry should also not be overlooked. The biomass-based diesel industry currently supports over 60,000 U.S. jobs throughout the supply chain, pays \$2.54 billion in wages, and generates \$11.42 billion in economic impact. Furthermore, every 500 million gallons of increased biodiesel production supports approximately 16,000 new jobs.

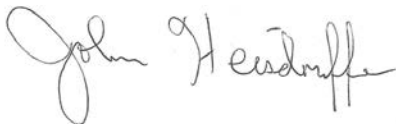
The ASA is concerned that waivers or small refinery exemptions and other EPA actions have reduced RFS volume obligations by billions of gallons. The proposed rule fails to address the exemptions and other reductions of required volume obligations that EPA has granted. The benefits of the increases in the biomass-based diesel and advanced biofuel volumes in the proposed rule will be eroded if EPA does not address the exemptions with corresponding adjustments.

The impact of those recent small refinery exemptions has been significant. As EPA acknowledges, there were 2.25 billion fewer RINs required in 2016 and 2017 because of the exemptions. The impact of the exemptions on biomass-based diesel producers has been particularly significant with the National Biodiesel Board estimating a reduction of nearly 300 million gallons of biomass-based diesel demand over 2016 and 2017. Contrary to EPA's position that the exemptions are beyond the scope of this proposed rule, the ASA believes EPA should account for small refinery exemptions and other reductions to volumes to ensure that renewable volume obligations are met.

Again, ASA supports the increased volumes of biomass-based diesel in 2020 and the increased advanced biofuels volumes in 2019 and urges EPA to support further growth, which EPA acknowledges in the proposed rule is reasonably attainable. Furthermore, EPA should address the biomass-based diesel volumes lost in 2016 and 2017 as a result of small refinery exemptions and other agency actions.

Thank you again for this opportunity to provide written comments on the Renewable Fuel Standards for 2019 and the Biomass-based Diesel Volumes for 2020.

Sincerely,

A handwritten signature in cursive script that reads "John Heisdorffer". The signature is written in black ink on a white background.

John Heisdorffer
President