

# United States Senate

WASHINGTON, DC 20510

April 30, 2019

The Honorable Andrew Wheeler  
Administrator  
U.S. Environmental Protection Agency  
Office of the Administrator 1101A  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

Dear Administrator Wheeler:

We strongly urge you to protect U.S. consumers and account for the ethanol blend wall when setting annual target volumes under the Renewable Fuel Standard's (RFS) reset requirements. Over a decade ago, the U.S. Energy Information Administration (EIA) projected 2020 gasoline demand would exceed more than 170 billion gallons, thus the 15 billion gallon conventional fuel mandate represented less than 10 percent of the expected gasoline demand. More than a decade since the RFS was passed into law, changes in consumer behavior and use of transportation fuels result in EIA now projecting gasoline demand for 2020 to be closer to 142 billion gallons, decreasing further to 137 billion gallons in 2022. As a result of this stark change in projected demand, we encourage the Environmental Protection Agency (EPA) to acknowledge this market reality when resetting the statutory targets such that the contribution of conventional biofuel is set below an implied 10 percent level for 2020, or 14.2 billion gallons.

As you know, under the statutory provisions that govern the RFS, the EPA is required to "reset" the annual applicable volumes if EPA's waiver (i.e. lowering) of those volumes in past years meets certain specified thresholds. Because those thresholds have been met, EPA has a non-discretionary obligation to reset the annual applicable volumes. Congress' clear intent in enacting this provision of the RFS was to allow EPA to adjust the annual applicable volumes to match market realities.

EPA has acknowledged in multiple rulemakings that the ethanol blend wall—the maximum level of ethanol that can be blended into the U.S. fuel supply—is one of the most difficult market realities facing the RFS. The blend wall level is essentially gasoline blended with ten percent ethanol by volume. As the EIA found in 2016, "With nearly all U.S. gasoline now being sold as E10, the only way to increase ethanol use in the motor vehicle fleet is to adopt fuel blends containing a higher volume of ethanol, such as E15 and E85. However, not all gasoline-powered vehicles can use these fuels." EIA concluded that these higher blends "remain very limited because of a variety of economic, environmental, and distribution system challenges." The blend wall is precisely the sort of market reality that EPA's reset obligation was designed to take into consideration.

Based on market intelligence, we understand that demand for gasoline without ethanol (E0) remained strong in 2018 and early 2019 in several key domestic markets. According to one leading petroleum transportation, storage and distribution company, demand for 87-octane gasoline, without ethanol (E0), from their terminals in 2018 remains consistent with demand in 2017. The company is reporting higher loadings of E0 in January and February 2019 at its terminal in Oklahoma City, Oklahoma, when compared to the same period a year ago.

The legislative purpose of the reset was to recognize such market realities and provide the needed flexibility to shape volume obligations to fit actual conditions and protect U.S. consumers. Failure to set the reset volume below the blend wall will violate the Congressional intent of the statute and harm our nation's consumers and refiners.

We urge you to use the reset authority under the RFS for program for the purpose for which it was intended and reset the statutory targets such that the implied contribution of conventional biofuel is below 14.2 billion gallons for the 2020 compliance year.

Sincerely,



James M. Inhofe  
United States Senator



Shelley Moore Capito  
United States Senator



Bill Cassidy, M.D.  
United States Senator



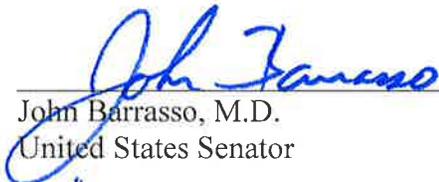
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United States Senator



Susan M. Collins  
United States Senator



John Boozman  
United States Senator



John Barrasso, M.D.  
United States Senator



James Lankford  
United States Senator



Roger W. Wicker  
United States Senator



Michael B. Enzi  
United States Senator



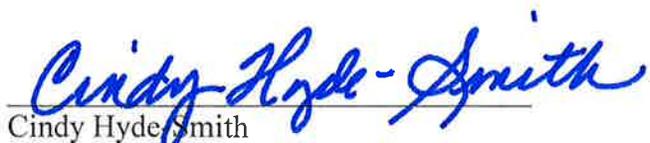
Pat Toomey  
United States Senator



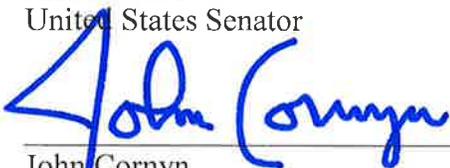
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Steve Daines  
United States Senator



Cindy Hyde-Smith  
United States Senator



John Cornyn  
United States Senator