Regulatory Announcement

EPA Proposes Renewable Fuel Standards for 2014, 2015, and 2016, and the Biomass-Based Diesel Volume for 2017

Under the Clean Air Act (CAA), the U.S. Environmental Protection Agency (EPA) is required to set the annual standards for the Renewable Fuel Standard (RFS) program for each year. This regulatory action proposes to establish the annual percentage standards for cellulosic biofuel, biomass-based diesel, advanced biofuel, and total renewable fuels that apply to all gasoline and diesel produced or imported in years 2014, 2015, and 2016. EPA is also proposing the applicable volume of biomass-based diesel that will be required in 2017.

The Clean Air Act provides EPA with the authority to reduce the volume requirements from their statutory targets under certain conditions, and we are proposing to use these authorities in this action. EPA has evaluated the availability of qualifying renewable fuels and factors that in some cases constrain the supply of those fuels to the vehicles that can consume them. EPA has also considered the ability of the market to respond to the applicable standards by producing changes in production, infrastructure, and relative pricing to boost the use of renewable fuels.

Based on these and other considerations, EPA is proposing volumes which, while below the volumes originally set by Congress, would increase renewable fuel use in the U.S. above historical levels and provide for steady growth over time. In particular, the proposed volumes would ensure continued growth in advanced biofuels, which have a lower greenhouse gas emissions profile than conventional biofuels. EPA is also proposing to increase the required volume of biomass-based diesel in 2015, 2016, and 2017 while maintaining the opportunity for growth in other advanced biofuels that is needed over the long term.

Congress developed the renewable fuels program in an effort to reduce greenhouse gas emissions and expand the nation's renewable fuels sector, while reducing reliance

EPA United States Environmental Protection Agency

Office of Transportation and Air Quality
EPA-420-F-15-028
May 2015

on foreign oil. Biofuels are an important component in the Administration's efforts to enhance energy security and address climate change.

EPA is seeking comment and any new data to inform setting the final volume standards, and will hold a public hearing on June 25, 2015, in Kansas City, Kansas.

EPA intends to take final action on this proposal by November 30, 2015, which will return the Agency to the program's statutory timeline for issuing RFS annual rules.

Overview

Due to constraints in the fuel market to accommodate increasing volumes of ethanol, along with limits on the availability of non-ethanol renewable fuels, the volume targets specified by Congress in the Clean Air Act for 2014, 2015 and 2016 cannot be achieved. However, EPA recognizes that the statutory volume targets were intended to be ambitious; Congress set targets that envisioned growth at a pace that far exceeded historical growth rates. Congress clearly intended the RFS program to incentivize changes that would be unlikely to occur absent the RFS program. Thus while EPA is proposing to use the tools provided by Congress to waive the annual volumes below the statutory levels, we are proposing standards that are directionally consistent with Congress' clear goal of increasing renewable fuel production and use over time. The proposed volumes would require significant growth in renewable fuel production and use over historical levels. EPA believes the proposed standards to be ambitious but within reach of a responsive marketplace.

There are two different authorities in the statute that permit EPA to reduce volumes of advanced biofuel and total renewable fuel below the volumes specified in the statute. When the Agency lowers the applicable volume of cellulosic biofuel below the volume specified in the CAA, we also have the authority to reduce the applicable volumes of advanced biofuel and total renewable fuel by the same or a lesser amount. The Agency can also reduce the applicable volumes of any renewable fuel under the CAA general waiver authority under certain conditions, including where there is "inadequate domestic supply." This proposal uses a combination of these two authorities to reduce volumes of both advanced biofuel and total renewable fuel to address two important constraints:

- Limitations in the volume of ethanol that can be consumed given practical constraints on the supply of higher ethanol blends to the vehicles that can use them
- Limitations in the ability of the industry to produce sufficient volumes of qualifying renewable fuel, particularly non-ethanol fuels

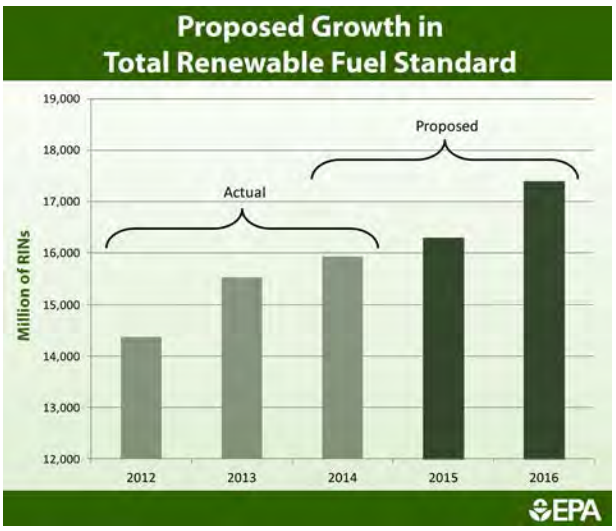
EPA is proposing to set the renewable fuel standards for 2014 at the levels that were actually produced and used as transportation fuel, heating oil or jet fuel in the contiguous U.S. and Hawaii. For 2015 and 2016, EPA is proposing ambitious increases in both advanced biofuel and total renewable fuel in comparison to 2014 levels. This proposed rulemaking also provides an evaluation of the expected volumes of cellulosic biofuel for 2015 and 2016, and proposes annual increases in the required volume of biomass-based diesel for 2015, 2016, and 2017. The volumes used to determine the proposed percentage standards are shown in Table 1.

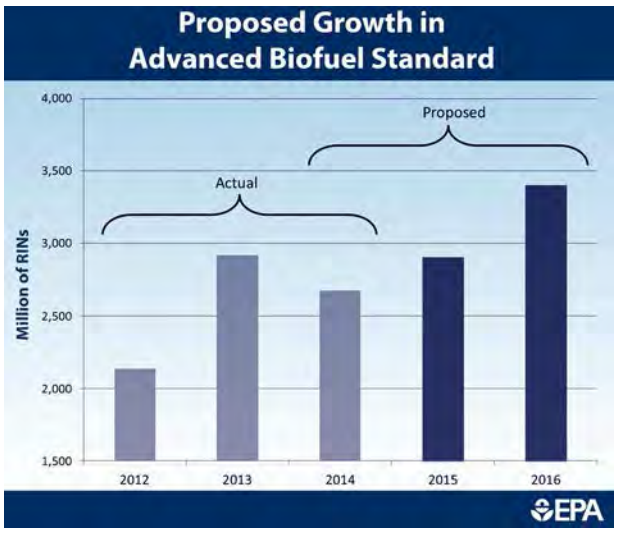
Table 1
Volumes Used to Determine the Proposed Percentage Standards[a]

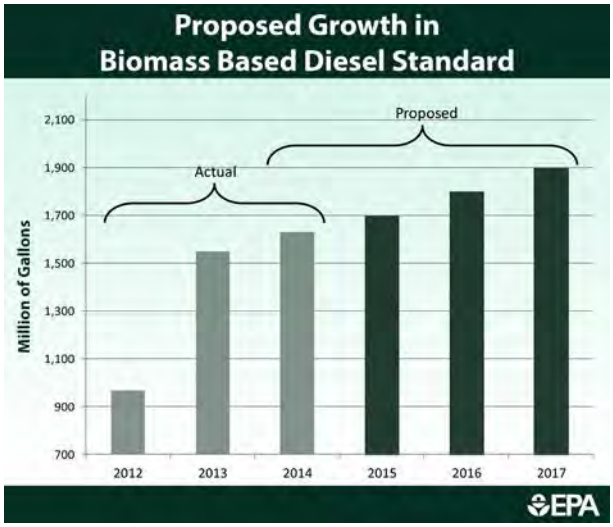
	2014	2015	2016	2017
Cellulosic biofuel	33 mill gal	106 mill gal	206 mill gal	n/a
Biomass-based diesel	1.63 bill gal	1.70 bill gal	1.80 bill gal	1.90 bill gal
Advanced biofuel	2.68 bill gal	2.90 bill gal	3.40 bill gal	n/a
Total renewable fuels	15.93 bill gal	16.30 bill gal	17.40 bill gal	n/a

[a]All volumes are ethanol-equivalent, except for biomass-based diesel which is actual.

These proposed volumes would allow volumes of conventional (non-advanced) renewable fuel of up to 13.25, 13.40, and 14.00 billion gallons to be used to satisfy the total renewable fuel requirements for years 2014, 2015, and 2016, respectively. The charts below demonstrate that the proposed standards would represent significant growth over recent historical levels.







Four separate percentage standards are required under the RFS program, corresponding to the four separate volume requirements shown in Table 1. The percentage standards represent the ratio of renewable fuel volume to non-renewable gasoline and diesel volume. Thus, in 2016 about 10% of all transportation fuel used would be from renewable sources. The proposed standards are shown in Table 2.

Table 2
Proposed Percentage Standards

	2014	2015	2016
Cellulosic biofuel	0.019%	0.059%	0.114%
Biomass-based diesel	1.42%	1.41%	1.49%
Advanced biofuel	1.52%	1.61%	1.88%
Total renewable fuels	9.02%	9.04%	9.63%

Once the proposal is published in the Federal Register, it will be open for public comment until July 27, 2015.

For More Information

For more information on this proposal, please visit the RFS website at:

www.epa.gov/otaq/fuels/renewablefuels