



July 17, 2017

The Honorable Diane Black
U.S. House of Representatives
531 Longworth House Office Building
Washington, DC 20515

The Honorable Ron Kind
U.S. House of Representatives
1502 Longworth House Office Building
Washington, DC 20515

Re: Support for the retroactive renewal of the biodiesel blenders' tax credit.

Dear Representatives Black and Kind:

The New England Fuel Institute (NEFI) supports your bill to retroactively renew the biodiesel blenders' tax credit. This legislation provides much-needed market certainty for thousands of American businesses that have made significant investments in the blending, storage and distribution of biodiesel, including home heating fuel marketers and their consumers.

NEFI represents home comfort providers that deliver an average of two billion gallons of heating oil to 2.2 million homes and thousands of businesses each year. Thanks in part to the biodiesel blenders' tax credit, many heating oil marketers now offer a biodiesel-blended product that is clean, efficient and renewable and can be used safely in existing heating systems with few modifications or adjustments. Rigorous studies have shown biodiesel-blended heating oil to improve system performance and that blends as low as two-percent have a competitive emissions profile when compared to natural gas.

The success of the biodiesel blenders' tax credit is well established. Congress created the tax credit in 2004 as an incentive to blend advanced biofuels, such as biodiesel, into the distillate fuel supply. Congress sought to supplant petroleum-based fuels with renewable fuels and encourage their sale, distribution and use in the on-road and home heating markets. The biodiesel industry estimates 100 million gallons were commercially available prior to the tax credit. According to the EPA, that number grew to a historic 2.9 billion gallons of both domestically-produced and imported product in 2016.

Your bill retroactively renews the biodiesel tax credit through 2021. Like recently-enacted tax credits for other renewables including solar and wind, your bill phases-out the biodiesel tax credit over five years. This will provide greater certainty to market participants and allow the markets for biodiesel and related RIN credits under the Renewable Fuels Standard adequate time to adjust prior to the termination of the tax credit in 2022. Your bill also retains the tax credit as a *blending* incentive, which is important to ensuring adequate supplies of sustainable biodiesel in the Northeast.

As a blenders' tax credit, wholesale suppliers in the Northeast are encouraged to bring-in biodiesel from outside the region - including from Canada and other trade partners - and to make related investments in storage and distribution infrastructure. This is important given the limited production capacity for biodiesel in the Northeast and the logistical challenges associated with securing shipments of product from the upper Midwest. The ability to import and blend sustainable biodiesel from Canada and other trade partners ensures adequate supplies to help meet the growing demand, especially as states consider proposals that would require the blending of biodiesel into the home heating oil supply. Such requirements have already been enacted in Rhode Island and New York City.

Again, we are pleased to endorse your bill and encourage your colleagues to support its immediate enactment. If you or your staff have questions or require additional information, please contact Jim Collura, NEFI Vice President & Director of Legislative Affairs at jim.collura@nefi.com.

Thank you for your leadership on this issue.

Sincerely,



Mike Estes
Estes Oil & Propane of York, Maine
Chairman, NEFI Board of Directors



Scott E. Macfarlane
MacFarlane Energy of Dedham, Massachusetts
Chairman, NEFI Government Affairs Committee