



September 10, 2019

The Honorable Deb Fischer  
454 Russell Senate Office Building  
Washington, DC 20510

The Honorable Tammy Duckworth  
524 Hart Senate Office Building  
Washington, DC 20510

The Honorable Collin Peterson  
2204 Rayburn House Office Building  
Washington, DC 20515

The Honorable Dusty Johnson  
1508 Longworth House Office Building  
Washington, DC 20515

Dear Senators Fischer and Duckworth, and Representatives Peterson and Johnson:

**Our organizations write in support of the Renewable Fuels Standard (RFS) Integrity Act, introduced in the Senate as S.1840 and the House as H.R.3006.** This legislation brings urgently needed reforms to the Environmental Protection Agency’s (EPA) process for issuing small refinery exemptions (SREs) under the RFS.

Together, our associations represent mostly small, family-owned and operated businesses across the Northeast that deliver safe, efficient and reliable home heating oil to five million American homes and businesses each winter. That is approximately one-quarter of the region’s space heating market. Many of our members now deliver renewable liquid heating fuels including Bioheat Fuel®, a blend of biodiesel and conventional heating oil.<sup>i</sup> These fuels provide our small Main Street businesses and their customers with an environmentally superior product that can be utilized without the frustration and high costs associated with fuel switching and full heating system conversions. Rigorous studies have shown that even modest blends of biodiesel and ultra-low sulfur heating oil can reduce greenhouse gas emissions to levels equal to or lower than competing fuels, including natural gas.<sup>ii</sup>

Existing heating systems can safely utilize biodiesel blends of up-to 20-percent (B20) with little-to-no modification.<sup>iii</sup> Retailers delivering this fuel report improved heating system performance and longevity, and reduced instances of service and maintenance calls. The National Oilheat Research Alliance (NORA) is working with the biodiesel industry to clear the way for widespread use of 50-percent (B50) blends by 2030. This is estimated to reduce greenhouse gas emissions by 40-percent compared to conventional heating oil.<sup>iv</sup>

State policymakers across the Northeast recognize the important role of renewable liquid heating fuels in meeting environmental policy and regional energy security objectives. New York and Rhode Island currently require the sale and use of biodiesel-blended heating oil.<sup>v</sup> The Commonwealth of Massachusetts allows blends of 10 percent or higher to generate credits under its renewable electricity (or portfolio) standard. Connecticut is working to implement a similar program and several other states are considering their own policies to encourage the sale and use of renewable liquid heating fuels.

Growing demand for biodiesel in the heating oil market also supports American farmers. The space heating market provides feedstock growers and biodiesel producers demand for their product during the off-season for on-highway biodiesel, which peaks in the summer. According to the National Biodiesel Board (NBB), the biodiesel industry supports 64,000 jobs, \$11.42 billion in economic impact, and \$2.54 billion in wages paid. The National Oilheat Research Alliance estimates that almost 18-percent of these benefits can be attributed to the growing demand for biodiesel in the heating oil market.<sup>vi</sup> This translates to 11,500 jobs, \$2 billion in economic impact, and \$450 million in wages paid.

Widespread use of renewable liquid heating fuels across the Northeast requires hundreds-of-millions of gallons of biodiesel and other advanced biofuels. Around 2 billion gallons will be required annually to supplant 50% of the region's heating oil demand. The advanced biofuels industry is still relatively nascent, however, especially in the Northeast. Continued support from federal lawmakers is needed to ensure future growth in this market. It is therefore essential that Congress and the Administration maintain and strengthen the Renewable Fuels Standard and other policies that help achieve these goals.

We therefore commend you for the introduction of the RFS Integrity Act of 2019. This legislation (S.1840 and H.R.3006) proposes urgent reforms to certain provisions of the RFS program. Specifically, this legislation brings long-overdue transparency to the process by which the EPA grants waivers from RFS requirements. These waivers, known as small refinery exemptions (SREs), wholly waive an obligated party's requirement to blend mandated volumes of biofuels into their fuel supply or purchase renewable fuel credits, known as "RINs," in order to fulfill these obligations.

SREs were intended for limited use and only as a last resort for very small refineries experiencing significant and tangible hardship. Unfortunately, the EPA has decided to dramatically increase the number of SREs from just 7 in 2015 to a total of 85 between 2016 and 2018. Since this dramatic increase, biofuel RIN values have tanked to all-time lows. This is harming parties across the nation and value chain, including American farmers growing feedstocks to support the biofuels industry. It is creating uncertainty for biodiesel and renewable diesel producers, blenders, and marketers, all of whom work diligently to comply with RFS requirements and have invested billions of dollars in renewable fuels and related technology and infrastructure. Above all, it sends the wrong signal to consumers, who are ultimately left holding the bag and paying the price for these fuels.

According to economist Scott Irwin of the University of Illinois, while all biofuels are impacted by the dramatic increase of SREs, most of the demand destruction is falling on biodiesel and renewable diesel. Dr. Irwin estimates economic damages totaling \$7.7 billion, or 2.54 billion gallons of biomass-based diesel.<sup>vii</sup> This economic harm threatens to decrease overall use of renewable fuels, increase greenhouse gas emissions, reduce consumer choice, and diminish competitiveness for our small family businesses.

These challenges are further exacerbated by the delayed reinstatement of the biodiesel and renewable diesel tax credit, which has now lapsed for a record 20 months. Our organizations have repeatedly called for the immediate passage of legislation to retroactively extend this important tax credit. We appreciate your continued support on this front as well.

Biodiesel and other advanced biofuels are helping to reduce emissions for millions of homes that rely on heating oil for daily warmth and comfort. These renewable liquid heating fuels provide policymakers in cold weather states an immediate option for reducing greenhouse gas emissions while also supporting small businesses, local economic growth, and America's farmers and environmental entrepreneurs. As mentioned, robust and effective federal policies are essential in achieving these goals.

Thank you again for your ongoing efforts and continued support.

Sincerely,

American Energy Coalition  
Berks-Schuylkill Oil Heat Association  
Better Home Heat Council of Lehigh Valley  
Connecticut Energy Marketers Association  
Delaware Valley Fuel Dealers Association  
Energy Marketers Association of New Hampshire  
Maine Energy Marketers Association  
Massachusetts Energy Marketers Association  
National Association of Oil & Energy Service Professionals  
New England Fuel Institute  
New York Oil Heating Association  
Northeast Pennsylvania Energy Marketers Association  
Oil Heat Institute of Long Island  
Oil Heat Institute of Rhode Island  
South Central Pennsylvania Energy Association  
Vermont Fuel Dealers Association

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<sup>i</sup> Bioheat Fuel is a registered trademark of the National Biodiesel Board (NBB). Information at [www.mybioheat.com](http://www.mybioheat.com).

<sup>ii</sup> Entropy Research LLC, *Analysis of Fuel Cycle Energy Use and Greenhouse Gas Emissions from Residential Heating Boilers*, developed for and submitted to the National Oilheat Research Alliance, June 2018, p. xii and xi.

<sup>iii</sup> See studies by the National Oilheat Research Alliance (NORA) and Brookhaven National Laboratory. The American Society for Testing and Materials now recognizes up-to 20 percent biodiesel blends in its Specification for Fuel Oils (D396-18a). Some heating systems may require minor, low cost modifications in order to utilize biodiesel blends above five percent.

<sup>iv</sup> Based on average reductions in greenhouse gas emissions for biodiesel according to the National Biodiesel Board.

<sup>v</sup> The state of Rhode Island requires a five-percent blend in all heating oil sold in the state effective July 1, 2017 (see 23 RIGL §23-23.7); and New York City effective October 1, 2017 (see NYC Admin. Code §24-168.1). New York City plans to phase-in of a 20-percent blend requirement for heating oil by October 2034. Under a 2018 law, the New York requires a five-percent biodiesel-blend for heating oil in Nassau, Suffolk and Westchester counties (see N.Y. ENV §19-0327).

<sup>vi</sup> *NORA Biofuel Report to Congress*, May 31, 2015, p.15.

<sup>vii</sup> 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.