

United States Senate

WASHINGTON, DC 20510

October 8, 2014

The Honorable Barack Obama
President
United States of America
The White House
Washington, DC

Dear Mr. President,

We are grateful for your leadership in addressing the threat of climate change in America and around the world. Your proposal to address carbon pollution from existing power plants is a critical step that our nation must take to lead the world in combatting climate change. We look forward to continuing to work with you on this proposal and the rest of your Climate Action Plan.

We must use every tool at our disposal to address climate change. We are writing today to raise our concerns about the 2014 Renewable Volume Obligations (RVOs) under the Renewable Fuel Standard (RFS) proposed by the Environmental Protection Agency (EPA). If adopted, this rule would increase, not decrease, carbon pollution.

The RFS is a critical piece of our nation's climate mitigation policies. It is helping to break the oil sector's monopoly over our nation's liquid fuel supply by opening the market to competition from America's growing renewable fuel industry, bringing low carbon cellulosic, advanced biofuels and biomass-based diesel to market. Just this month, two new cellulosic biorefineries came online producing the lowest carbon motor fuel in the world.

Yet, in the rule now under final interagency review, EPA is proposing changes that will have serious repercussions. EPA's proposed 2014 RVO reduces the amount of renewable fuel required for blending to levels below those actually blended in 2013. EPA also relies on a questionable reading of the statute that would allow the oil industry to escape its obligations under the RFS by simply blocking or limiting the distribution of renewable fuel blends to consumers. Rather than fostering competition and innovation in the transportation fuel market, the rule would give power to the oil industry to impede the development of its competition. Should this proposal be adopted, our consumption of oil would rise, yielding an immediate increase in carbon pollution in 2014 and beyond.

A recent analysis shows that the proposed rule would increase net carbon pollution by 28.2 million metric tons in 2014 alone compared to what could be achieved using the methodology that EPA has previously used to set annual RVOs.¹ This amount of pollution is equivalent to the emissions of almost 6 million additional vehicles. Carrying

¹ Erickson Brent, Carr Matt, and Winters Paul. *Industrial Biotechnology*. April 2014, 10(2): 57-63. doi:10.1089/ind.2014.1508.

the EPA's proposed approach forward in future years would trigger even larger increases in heat-trapping emissions. By the year 2022, we could miss out on nearly 1 billion metric tons of cumulative carbon pollution reductions.

More importantly, this country's leading innovators in the advanced and cellulosic biofuels sector have expressed their concerns—including in a September letter to you—that EPA's new methodology increases supply-chain and policy risk for investors so much that it will drive the further development of this low carbon industry to South America and Asia. EPA's proposed rule would not only increase carbon pollution, but would also derail our efforts to attract investment to critical U.S. innovation markets and drive the development of fuels that further reduce carbon pollution in the long-term.

We are aware of concerns about the potential market and policy implications of aggressive RFS targets. But the country cannot afford to address these challenges by imposing unreasonable cuts to the program and adopting a new administrative approach that would send investment overseas by providing loopholes for oil companies to escape obligations under the Clean Air Act.

As champions of your efforts to combat climate change and develop new innovation markets in the United States, we would look forward to the opportunity to discuss our concerns about the RFS with you in more detail. We are confident that we can find a path forward that protects our vital environmental and economic interests.

Sincerely,



Edward J. Markey
United States Senator



Barbara Boxer
United States Senator

cc: Shaun Donovan, Director, Office of Management and Budget