



Testimony of Michael Rath, Senior Vice President, Darling Ingredients

U.S. Environmental Protection Agency Public Hearing on RFS Standards for 2019 and BBD Volumes for 2020 July 18, 2018 Ypsilanti, MI

Darling Ingredients Inc. is a significant feedstock supplier to the biomass-based diesel markets as well as a producer of both renewable diesel and biodiesel. Darling, along with its partner Valero Energy Corporation, owns and operates the largest U.S. advanced biofuel facility, known as Diamond Green Diesel. This facility is on track to expand annual production to 275 million gallons, starting this year.

Diamond Green Diesel is an example of private industry's response to Congressional intent, government policy, and political leadership. The facility represents more than \$650 million in investment, built and expanded without government loans or grants. Today, it provides high-paying jobs to our employees in Louisiana.

Darling also owns biodiesel facilities in Butler, Kentucky and near Quebec, Canada, which produce about 15 million gallons annually. Darling is uniquely positioned as both a raw material supplier to the biomass-based diesel industry and as a producer of both biodiesel and renewable diesel in the United States diesel fuel distribution marketplace.

The Renewable Volume Obligations (RVOs) are critical to the underpinning and the continued growth of what has been a very successful component of the Renewable Fuel Standard (RFS). As a cost-effective method of reducing both carbon and particulate emissions and producing good-paying jobs, the industry has consistently exceeded increasing RVO mandates and will continue to do so in the future.

The biodiesel industry has always met the increasing RVOs established by the EPA. In so doing, the industry has provided the American consumer with clean American fuel and expanded our energy independence, while supporting the American farming economy as well as American construction and plant workers.

Darling recognizes that the EPA has an extensive job of administering the RFS program, and specifically appreciates the timeliness of the proposed rule and the proposal to increase the advanced biofuel volume for 2019 and the biomass-based diesel volume for 2020. That growth provides some stability to the market place. With that said, Darling is concerned that the proposal doesn't do enough.

In the proposed rule, the EPA again this year claims that feedstock diversion, price, and availability are limiting factors in biomass-based diesel growth. Darling and the industry see it completely differently. Incremental feedstock supply is coming from waste oils, animal fats, soy oil, and distillers' corn oil. Livestock and poultry production increased by more than 2 percent in 2017. USDA estimates we'll see consistent 2 percent growth in 2019. That growth in animal protein will bring growth in rendered fat supplies.

DARLING INGREDIENTS INC.

Creating sustainable food, feed, and fuel ingredients for a growing population.



Why not simply use these resources here in America where it produces American fuel to be used by American families?

Diversion occurs every day in all commodity markets, including agriculture and petroleum, due to various reasons. The EPA should not rely on this argument. The U.S. agriculture sector has been a net exporter of feedstocks for renewable fuel. However, the trade sanctions announced by China are likely to change that. Higher volumes for 2019 and 2020 under the Renewable Fuel Standards could mitigate the impact on U.S. farmers.

Therefore, Darling Ingredients Inc. request is simple: expand the biomass-based diesel RVO to 2.8 billion gallons for 2020 and increase the advanced biofuel volumes for 2019 accordingly. More importantly, once the volumes are finalized, ensure that they are fully met.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Rath", is positioned above the typed name.

Michael Rath
Senior Vice President