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November 26, 2019

The Honorable Andrew Wheeler
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

RE: Docket ID No. EPA-HQ-OAR-2019-0136, Renewable Fuel Standard Program: Standards for 2020 and Biomass-Based Diesel Volume for 2021, Response to the Remand of the 2016 Standards, and Other Changes

Dear Administrator Wheeler:

The Association of Equipment Manufacturers (AEM) appreciates the opportunity to comment on the Environmental Protection Agency's proposed reallocation of biofuel gallons waived through Small Refinery Exemptions (SREs).

AEM is the U.S.-based international trade group serving the off-road equipment manufacturing industry. AEM members number over 1,000 companies that manufacture equipment, products and services used worldwide in the agriculture, construction, forestry, mining and utility fields. Our members are committed to encouraging a robust renewable fuels industry as it supports domestic heavy manufacturing jobs.

AEM would like to express our disappointment that the proposed rule does not reallocate actual gallons waived by SREs. We urge EPA to support American manufacturing jobs by reallocating all lost Renewable Fuel Standard gallons.

Destruction of Market Demand for Corn

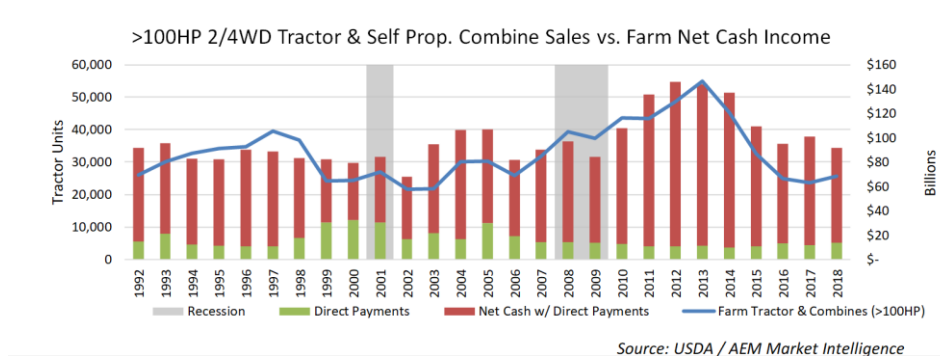
Basing the three-year average of waived gallons on Department of Energy (DOE) recommendations is an illogical approach that hurts our nation's farmers. Using the DOE recommendations results in 770 million gallons of reallocated biofuels. However, this is far short of the 1.36 billion three-year average when based on actual gallons lost – a difference of 590 million gallons.

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Failure to reallocate real gallons lost directly destroys market demand for corn. One bushel of corn can produce 2.8 gallons of ethanol. If unchanged, the rule could reduce demand in 2020 for this vital commodity by over 210 million bushels.

Impact on Manufacturers

Corn is a key driver of agricultural equipment sales. This in turn directly impacts domestic manufacturing employment as illustrated by this graph which shows the link between farm income and tractor and combine sales.



Indeed, a robust RFS can play a significant role in ensuring America continues to be the world's leader in agricultural equipment production.

Conclusion

These are challenging times for America's farmers whose success or failure directly impacts the health of our nation's manufacturers. Given the state of commodity markets, EPA should not move forward with a rule that ignores actual gallons lost by SREs. AEM urges EPA to base its three-year average on real gallons waived.

Sincerely,

Dennis Slater
President