

Focus on Fuels

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The battle over the U.S. Renewable Fuel program has fallen off the front pages. The EPA proposed reductions in the existing mandate, and predictably, the renewable fuel proponents have come out swinging to defend hard won gains. Opponents of the program have been just as vocal in praising the Agency for a reasonable position in a controversial program. The RIN values are running in a narrow band between 30-35 cents per gallon. A big improvement over the \$1+ values early in 2013. However, as they say, "It's not over until the fat lady sings". The reductions are still just proposed. This article gives some perspective on the players in the battle.

We provide guidance in registration and independent engineering services required under the regulations to domestic and foreign biofuel producers. We can also help you sort through the newest wrinkles in these revised regulations as well as in any of the various fuels regulations. Please contact us if we can assist you in any of the U.S. fuels regulatory areas.

TM&C Services in Fuel Regulations

TM&C provides a full range of services in its fuels regulatory practice. Some of these services are listed below:

- Preparing, reviewing and submitting fuels reports, including CDX submissions.
- Facility audits for compliance with

RFS2 Makes Strange Bedfellows

by Tom Hogan

One of the consistent themes of the renewable fuel lobby is that Big Oil is the enemy of tiny renewable fuel producers. You've probably heard it so much that you no longer give it a second thought. The renewable fuel lobby has been very successful portraying themselves as David to Oil's Goliath. Here's the "rest of the story" (with apologies to Paul Harvey).

- fuels programs.
- Interaction with EPA to pose fuels related questions.
- Industry specialist assistance for required gasoline attestations.
- Industry specialist assistance for in-line blending audits.
- Assistance in setting up a fuels compliance group/program.
- Personnel reviews of compliance related groups.
- Compliance status reviews and recommendations .
- Negotiations/consultation during EPA enforcement actions.
- 3rd Party Engineering reviews.
- Due diligence reviews of facilities and companies in RFS RINs Program.

The recent meeting on December 5, 2013, to hear public comments on the proposed revised RFS2 obligations for 2014, included participants from a wide range of industries including a significant number of opponents to the RFS program from industries other than "Big Oil." Below is a partial list of the companies that testified at the December 5, 2014 public hearing on the proposed 2014 RVOs and which either oppose the original RFS program and/or agree with the proposed 2014 RVO reduction:

National Chicken Council;
 Society of Independent Gasoline Marketers of America;
 American Frozen Food Institute;
 Boat Owners of the United States;
 National Turkey Federation;
 National Cattlemen's Beef Association;
 NAFA Fleet Management Association - Opposed to E15;
 National Association of Convenience Stores;
 National Council of Chain Restaurants;
 American Bakers' Association; and
 National Marine Manufacturers Association.

Several oil companies, large and small, as well as the oil industry organizations, API and AFPM, also testified proposing to either eliminate the RFS2 program entirely or at least to support the 2014 proposed RVOs.

Those opposed to the proposed 2014 RVO reduction included folks associated with grain and biofuel production. The opponents to the proposal also included some large companies like Archer Daniels Midland and POET, an ethanol and biodiesel producer, as well as representatives of the Brazilian Sugarcane Industry.

The position of each of these participants, either for or against the proposed 2014 RVOs, is quite predictable based on the old adage, "It depends on whose bull is being gored." Grain farmers, domestic and foreign, and biofuel producers can enjoy artificial mandated demand and resultant higher prices for their product when the RVOs are set higher than market demand. Oil companies and various consumers of grain products like livestock producers must pay the higher prices for the grains and are natural opponents of the mandates.

The more altruistic objectives like reduced foreign imports, energy independence, reduced emissions, etc., are important to those who are looking for political fodder to cater to a special interest voting group. In some cases, some of these "higher" objectives are achieved, but for the folks in the trenches, their positions are directly related to how it impacts their customers and their pocketbook.

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