

## BCSE Comments on Renewable Fuel Standard Program: Standards for 2023–2025 and Other Changes

February 10, 2023

Thank you for the opportunity to share perspectives from the Business Council for Sustainable Energy (BCSE) as part of the public comment period on the 2023-2025 Renewable Fuel Standard Program, Proposed Rule, Docket ID No. EPA–HQ–OAR–2021–0427.

The BCSE advocates for energy and environmental policies that promote markets for clean, efficient, and sustainable energy products and services.

Since its founding in 1992, BCSE is focused on policy adoption that will increase the deployment of energy efficiency, natural gas, renewable energy, as well as energy storage, sustainable transportation, and emerging decarbonization technologies.

Many BCSE members have participated in the Renewable Fuel Standard Program (RFS) and are pleased that the EPA has released the RFS Standards proposal. Within that proposal is a new regulatory program governing renewable electricity, which the Council and our members have strongly supported. EPA’s proposal also includes RFS volumes and percentage standards for 2023, 2024, and 2025, as well as other modifications to the program.

### ***A New Phase of the RFS***

As EPA states, low-carbon fuels are a key pathway to reducing greenhouse gas (GHG) emissions in the transportation sector, and the RFS program is a key federal policy that supports the development, production, and use of low-carbon, domestically produced renewable fuels. BCSE agrees that the RFS can play an important role in providing ongoing support for increasing production and use of renewable fuels, particularly advanced and cellulosic biofuels.

In addition, as noted above, the RFS program is entering a new phase with the introduction of a new regulatory program governing renewable electricity.

BCSE appreciates the opportunity to share its general views on several aspects of the proposal. For more detailed comments on several the questions that EPA raises, BCSE would like to recognize the comments submitted on this docket from several of its members, including the American Biogas Council, Biomass Power Association and the Coalition for Renewable Natural Gas. We encourage a thorough review of their detailed comments. As a diverse coalition, not all BCSE members take endorse or take a position on the issues discussed in this submission.

### ***Volume Levels Should be Set Based on Accurate Market Growth Rates***

BCSE urges EPA to increase the proposed cellulosic category volumes to more accurately take into account the rapidly expanding EV market and all potentially qualifying feedstocks.



A key purpose of the RFS program is to provide market certainty to support expansion of renewable fuel production and use. BCSE supports the view that EPA set volume levels consistent with the maximum achievable targets after reviewing the statutory factors. In assessing the proposal, BCSE does not believe that the historical estimates that EPA applies reflect accurate market demand and growth trends. The proposal bases its volume levels on pandemic era growth levels, and current growth rates exceed these levels significantly.

### ***BCSE Supports Inclusion of the Electricity Program in the RFS***

BCSE members strongly support EPA's proposal to include a renewable electricity program in the RFS. This allows the generation of Renewable Identification Numbers (RINs) for electricity made from renewable biomass that is used for transportation fuel.

#### Establish Pathways for Solid Renewable Biomass under RFS Renewable Electricity Program

The proposal enables biogas to participate, but should be expanded to allow woody biomass and the biomass portion of municipal solid waste to also generate eRINs.

To facilitate this, BCSE requests that EPA take the following two actions:

- First, the pathways for biomass feedstock needs to be established. EPA should broaden the rule beyond biogas to incorporate electricity from both woody biomass and the biomass portion of municipal solid waste.
- Second, EPA will need to update the equivalence value for biogas to apply also to woody biomass feedstocks. Without this crucial step, the electricity program will effectively be a two-tiered program.

#### Multiple Parties Should Be Eligible to Generate eRINs

Under the Renewable Electricity Program, EPA has proposed that the vehicle original equipment manufacturer (OEM) be the eligible party to generate eRINs. This approach would treat electric vehicles differently than other alternative fuel vehicles under the RFS.

Under EPA's proposal, the OEMs would establish contracts with parties that produce electricity within the contiguous U.S. from qualifying renewable electricity generators and eRINs would represent the quantity of renewable electricity determined to be used by both new and previously sold light-duty electric vehicles for transportation, provided that sufficient renewable electricity has been produced and contracted by the OEM. EPA also offers alternative approaches include allowing producers of renewable electricity to generate eRINs, allowing public access charging stations to generate eRINs, allowing independent third parties to generate eRINs, and a number of hybrid approaches that would allow multiple parties to generate eRINs.



Of note, an objective of the RFS program is to incentivize changes in the fuel supply chain to increase renewable fuel production. BCSE recommends that the renewable fuel producer be the generator of the eRIN.

### ***EPA Should Engage with Industry and Stakeholders on Biogas Regulatory Reforms***

EPA's proposal includes numerous changes that may fundamentally alter how the market operates without providing sufficient time to review and comment. As EPA has done with other major changes to its fuels regulations, we believe the proposed revisions require more discussion with industry and stakeholders, and more time to submit public comments on any proposed changes.

#### Regulatory Reforms should Maintain Flexibility and Efficient Program Implementation

In considering regulatory changes, BCSE urges flexible approaches that support efficient program implementation. The proposal contemplates new reporting and measurement requirements and other restrictions that would hinder implementation and run counter to the RFS program goals.

#### Retain Book and Claim Approach Under RFS

BCSE supports the current program's structure that allows the book and claim process to be utilized. BCSE does not believe such flexibility impedes proper oversight or leads to double counting. BCSE appreciates EPA's intent to ensure transparency and to protect the integrity of the RFS program. However, we are concerned that EPA's proposed biogas regulatory reforms could create disincentives to produce RNG and decarbonize the transportation sector.

#### Allow Producers to Supply Biogas for Multiple Uses

BCSE recommends that EPA clarify that having multiple uses of the biogas at a particular location should not exclude that facility from participating in the RFS program. As such, EPA could require information on the production and disposition of all biogas sources at a particular location.

#### Allow Off-site Storage of Biogas

EPA also should not restrict the ability to store biogas off-site, while parties are waiting for EPA registration approval. Natural gas is typically stored in storage fields on the natural gas pipeline system, and this option is critical to support the early stages of a project.

BCSE appreciates to share its views as part of Docket ID No. EPA-HQ-OAR-2021-0427. Thank you for your consideration.