Environmental and Energy Study Institute

EESI

News Release

# EPA Adherence to "Blend Wall" Damages Advanced Fuels

**May 29, 2015**—The Environmental and Energy Study Institute (EESI) regrets that the Environmental Protection Agency (EPA), in releasing renewable fuel volumes for 2014, 2015 and 2016, artificially caps renewable fuels at under 10 percent of the U.S. fuel supply going forward. This will ultimately impair the growth of advanced cellulosic fuels, a nascent but growing sector of the fuels sector.

Cellulosic ethanol can be made from agricultural and organic wastes, as well as purpose-grown feedstocks such as grasses that are not meant for human consumption. To qualify as an advanced fuel, cellulosic ethanol must meet a minimum of 60 percent greenhouse gas (GHG) reduction when compared to conventional gasoline.

But today's announcement by EPA further hampers the progress of this clean, renewable fuel. Citing infrastructure challenges, EPA has given credence to the so-called "blend wall" of 10 percent ethanol. The petroleum industry says significant changes to the retail fuel marketplace and vehicle fleet would be needed to utilize blends of ethanol above 10 percent. While some changes are indeed needed to use higher blends, EPA's reliance on the "blend wall" as a mechanism to set fuel volumes ignores the duty of the oil industry under the 2007 law to bring these available fuels to market through infrastructure investments.

"The Renewable Fuel Standard, as enacted by Congress, is a compact among fuel refineries, ethanol producers, farmers and automotive manufacturers, not only to produce renewable fuels but also to bring them to consumers at the pump," commented EESI Policy Associate Jessie Stolark. "These groups have proven they are capable of meeting ambitious volume targets as outlined by Congress and of getting compatible vehicles on the road. At the same time, the oil industry has not held up its side of the bargain to put these fuels in the market."

Today, there are 17.4 million FlexFuel Vehicles (FFVs) on the road, according to the U.S. Department of Energy. These cars can use blends of up to and including 85 percent ethanol. Additionally, most existing retail fuel infrastructure is compatible with high octane mid-level blends of up to E25 (25 percent ethanol), and EPA and DOE have certified the use of E15 (15 percent ethanol) in cars of make and model year 2001 and newer—that is, more than 80 percent of cars on the road today. Just using these existing vehicles to their full biofuel potential would negate the so-called "blend wall."

If EPA continues to adhere to the "blend wall," the net effect will be to further offshore the cellulosic fuels industry. Representative Tammy Duckworth (D-IL) expressed her frustration at this prospect, writing to EPA, "Lowering RVO levels will drive American investments in renewable fuel overseas. Instead of creating oil jobs in the Middle East, the RFS is driving job creation and innovation here at home, supporting over 852,000 green, well-paying jobs nationwide – jobs that can't be shipped overseas." According to the renewable fuels industry, $13.7 billion has already been shed in investments in renewable fuels, mostly in advanced fuels.

On Friday, Secretary of Agriculture Tom Vilsack announced $100 million in funding for blender pumps—a critical step in the use of higher volumes of renewable fuels. Additionally, the National Renewable Energy Laboratory (NREL) released a report this week that underscores the compatibility of existing passenger vehicles and infrastructure with E15. These moves signal the Administration's recognition of the importance of a coordinated effort to reach higher blends in the retail fuel environment—but it has yet to be echoed across the board.

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