

“California Car” Mandate & Renewable Fuel Standard (RFS)

“California Car” Mandate

Representatives Bob Latta (R-OH), John Joyce (R-PA), Gus Bilirakis (R-FL), and Jay Obernolte (R-CA) introduced legislation –*Preserving Choice in Vehicle Purchases Act* – (H.R. 1435) to protect Americans’ freedom of choice when purchasing vehicles. The legislation would reject California’s request for a Clean Air Act (CAA) waiver to require 35 percent of all new light-duty vehicle sales to be electrified by 2026, followed by a 100 percent requirement by 2035 in the state. If granted, the California ban means that by 2035, automakers would be prohibited from selling new vehicles that contain conventional internal combustion engines (ICEs). Every American will be impacted by this ban, whether they are in one of the 17 states that copies California vehicle laws or whether they are a consumer looking to buy an affordable new pickup truck in the next few years. This would account for 40 percent of the entire nation’s new car sales.

The Energy Marketers of America (EMA) is concerned with California’s CAA waiver request because it would limit consumer choice on cleaner greener ICEs, increase Americans’ utility bills to subsidize a massive expansion of the electric grid for EV charging and threaten the viability and jobs of small business energy marketers around the country, whether they deliver gasoline and diesel or renewable fuels like ethanol, biodiesel and renewable diesel.

Renewable Fuel Standard (RFS)

Recently, the EPA proposed renewable volume obligations (RVOs) and percentage standards for 2023, 2024, and 2025, as well as a series of modifications to expand the RFS program. EMA supports the Renewable Fuel Standard’s twin goals of moving the United States toward greater energy independence and security while increasing the production of clean renewable fuels and lowering costs to consumers. Many factors determine gasoline prices, including the cost of crude oil, inflation, supply chain disruptions, transportation costs, speculation in the commodities futures market, credit card interchange fees, boutique fuel costs, federal/state taxes and global uncertainty.

EMA and its members fully support the sale and distribution of all liquid motor and heating fuels including renewable fuel blends mandated under the RFS on the condition that Congress appropriates at least \$1 billion for small to medium sized companies to make underground storage tank (UST) system compatibility upgrades. Unfortunately, most fuel marketers cannot offer and sell E15 because it is not compatible with most retail underground storage tank systems currently in operation across the U.S. Look no further than EPA’s document from January 2020 entitled E15’s Compatibility with UST Systems which states, “[m]ost older and even some newer existing UST systems (which includes but is not limited to tanks, pumps, ancillary equipment, lines, gaskets, and sealants) are not fully compatible with E15 and require modification before storing E15. For example, the actual tank is often compatible with E15, but some of the connectors and pump components may not be.” Fuel compatibility is essential not only for supplying fuel to end users through existing petroleum storage and distribution infrastructure, but also to meet customer expectations for quality, performance and operability.

Biomass-Based Diesel Volumes

Unfortunately, EPA’s proposed biomass-based diesel (renewable diesel) and overall advanced biofuel volumes through 2025 are not consistent with the industry’s projected growth, or with the Administration’s own goals to reduce greenhouse gas emissions. EMA supports an increase in RVOs for biomass-based diesel and overall advanced biofuel volumes. Renewable diesel fuel is the game changer for the energy marketing industry since it has the same ASTM specifications as diesel fuel and can be used in existing underground storage tanks (USTs).

eRIN Concerns

EMA opposes the EPA's eRIN proposal which would allow automakers to generate eRINs based on the EVs they sell by establishing contracts with parties that produce electricity from qualifying biogas. EPA lacks the authority to implement the proposed eRIN credit for renewable electricity because it is inconsistent with the statutory purpose of the RFS, which is to support the production of renewable fuels, not the production and sale of certain vehicle technologies that eRINS are designed to promote. Making automakers RIN generators is a clear attempt to siphon capital away from clean green biofuels to electric vehicles.

RVP Summertime Fuel "Opt-Out"

Recently, the Biden Administration delayed a decision on allowing the year-round sale of E15 in certain Midwest states until the 2024 summer season. The decision stems from a petition by a group of Midwest governors to permit the summertime sale of E15 in their states authorized under a provision in the Clean Air Act allowing an exclusion from the 1 psi waiver for E10 upon notification by a governor that the higher Reid vapor pressure (RVP) limit will increase air emissions in that state. EMA supports the delay of the 1 psi exclusion waiver for at least two years (through 2025) because it would require the creation of a boutique fuel exclusive to the petitioning states, thus limiting gasoline supply to the region. A study conducted by Baker & O'Brien found that eliminating the RVP waiver for summertime E10 and introducing a new gasoline blend to just the petitioning states would likely cost \$500-\$800 million. EPA determined the request would result in a shortage of gasoline in the petitioning states for summer 2023, therefore, deciding to delay implementation until summer 2024 for Illinois, Iowa, Minnesota, Missouri, Nebraska, Ohio, South Dakota and Wisconsin.

"The Ask" (*Committees: House Energy and Commerce; Senate Environment and Public Works; All lawmakers*)

- Cosponsor H.R. 1435, "The Preserving Choice in Vehicles Purchases Act" which would restrict the EPA from issuing any waiver for new regulations that would ban the sale of internal combustion engines. Preserving consumer choice is critical to maintaining competition in the automotive markets and ensuring all Americans have access to reliable, clean and affordable vehicles.
- Oppose the eRIN credit proposed rule for renewable electricity because it is inconsistent with the statutory purpose of the RFS, which is to support the production of renewable fuels, not the production and sale of certain vehicle technologies that eRINS are designed to promote.
- Support efforts to increase the biomass-based diesel and overall advanced biofuel volumes given that these fuels reduce carbon emissions and can be used in existing equipment.
- Urge Congress to appropriate over \$1 billion for small to medium sized companies to make underground storage tank (UST) system compatibility upgrades.

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