

COMMANDER KIRK S. LIPPOLD, USN (RET)

Lippold Strategies LLC
1208 Huntly Place
Alexandria, VA 22307
TEL 775-684-9197

June 21, 2016

Congressman Pete Olson
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Olson,

As the Committee considers implementation issues associated with the Renewable Fuel Standard (RFS), it should carefully study the Environmental Protection Agency's (EPA) purported national security justification for the program. Although the EPA liberally uses national security as a rationalization for many aspects of the RFS program, on almost every front, the RFS program as it exists today fails in its core mission of creating energy security for the United States.

For decades the United States has maintained as national policy the elusive goal of energy independence. As the Commanding Officer of USS Cole when it was attacked by al Qaeda terrorists, and as a witness before this Committee, I know the true cost of energy security for our forward deployed forces. Since creation of the RFS in legislation passed by Congress in the Energy Policy Act of 2005, which was followed by an expansion and enhancement of the law with the Energy Independence and Security Act of 2007, the program requires oil companies to blend increasing volumes of renewable fuels with gasoline and diesel, culminating with a goal of 36 billion gallons in 2022. The national security construct to justify the continuing existence of the RFS no longer exists.

The pace and vigor of the American energy renaissance that is happening as a result of the maturation of hydraulic fracturing and horizontal drilling techniques, coupled with detection technology, has given the nation access to previously unavailable reserves and contributed substantially to a broader U.S. energy market that is the fundamental reason behind our decreasing reliance on foreign sources of oil and energy.

In fact, an unbiased analysis by NERA Economic Consulting found that the RFS has had the direct and unintended consequence of undermining our collective security by "forcing" additional volumes of biofuels into the market beyond those that would be "absorbed" under normal conditions – an adverse effect that results in "severe economic harm." While alleging the existence of national security benefits in the Proposed Rule, the EPA itself concedes that "there are a number of benefits that are difficult to quantify, such as ... national security benefits."



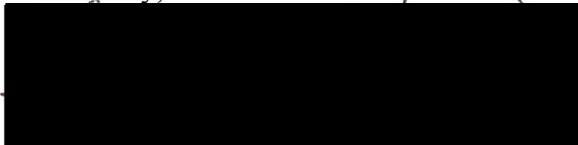
There can be little doubt that the volatility created by implementation of the RFS, including its frequent delays and spikes in the Renewable Identification Number, or RIN, marketplace constrains the domestic refining base of the United States. Reducing the competitiveness of our refineries has the dangerous impact of undermining the capability of the U.S. military to project power in an increasingly hostile world.

Going forward in this debate, there are several relevant questions for Congress to consider:

1. Given the rote frequency of national security claims the EPA has made in support of alleged national security benefits attributable to the RFS, what specific and credible analyses has the Agency conducted to verify or confirm the current security case for the continued existence of the RFS?
2. Should the RFS increase fuel prices or diminish the domestic refining base, what analyses has the EPA performed to quantify and measure any national security degradations attributable to the program?
3. In 2022, the Congressionally mandated escalation of renewable volumes, which the EPA has never achieved under RFS, will be replaced by EPA management of the program, creating another undefined energy mandate. In light of the evolving national security landscape, how will the Agency consider substantive changes to the program's requirements and implementation in anticipation of that date?

In short, the RFS amounts to a substantial financial drain on the American taxpayer that imperils our nation's security, all for questionable environmental benefits. The United States stands to gain from consolidating and building upon our ongoing energy renaissance. We should not force an additional bureaucratic program using unproven fuels onto the already unstable and fragile energy markets.

Sincerely,

A large black rectangular redaction box covers the signature area. A small, faint blue scribble is visible above the top right corner of the redaction.

Kirk S. Lippold
Commander, U.S. Navy (Ret)