Testimony of Randy Howard, Renewable Energy Group (REG)
On Behalf of the National Biodiesel Board
Submitted to the Energy and Commerce Committee, Subcommittee on Environment
Hearing on Advanced Biofuels Under the Renewable Fuel Standard: Current Status and Future Prospects
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Good morning, Chairman Shimkus, Ranking Member Tonko, and Members of the Committee. Thank you for having me.

I am Randy Howard, President and CEO of Renewable Energy Group (REG). I came to REG as a member of their Board of Directors after a 33-year career in the petroleum industry. When I retired from Unocal 76 in 2005, the oil industry was embracing renewable fuels as part of the nation's "all of the above" strategy. I saw then and continue to see biomass based diesel as a key to the future of liquid transportation fuels. Transforming waste fats and oils into high-quality, low-emission, renewable diesel fuel contributes to our energy security, economic growth, and job creation.

I am honored to speak to you today on behalf of the National Biodiesel Board and the more than 60,000 men and women across the country the biodiesel industry employs. Established in 1992, NBB is the leading U.S. trade association representing the biodiesel and renewable diesel industries, including producers, feedstock suppliers, and fuel distributors.

REG is the largest U.S. producer of advanced biofuel, making biodiesel at 10 plants across the nation. We own and operate a renewable diesel refinery in Louisiana, and two biodiesel plants in Germany. Together, these plants have a demonstrated production capacity of 575 million gallons of renewable fuel. REG currently provides good-paying jobs to 840 employees; we also support thousands of additional jobs in the agriculture, transportation and energy sectors.

The RFS has been the foundation for the biodiesel industry's growth over the past decade and remains a driver of new investment. Moreover, the biodiesel industry has continually proven its ability to produce greater volumes than those set in the annual RFS rules; the U.S. market has consistently supported demand for more than 2.5 billion gallons of biodiesel since 2013. Since the start of 2017, the industry has announced or completed 238 million gallons of additional production capacity. REG just completed a 20-million-gallon expansion of our first plant and we are looking at a major expansion of our Louisiana renewable diesel facility.

Biodiesel truly is a success story of the RFS. It is a renewable, clean-burning diesel fuel made from a diverse mix of resources, including agricultural oils such as soybean, camelina, and canola oil, as well as recycled cooking oil and animal fats. Based on the performance standards established by law, the U.S. Environmental Protection Agency (EPA) has defined biodiesel as an advanced biofuel — meaning it reduces greenhouse gas emissions from 57 percent to 86 percent compared to petroleum diesel, according to EPA. It is the nation's first domestically produced, commercially available advanced biofuel.

Biodiesel is used from coast to coast—for heavy-duty trucking, farm equipment, compliance with low-carbon fuel standards and fleets, such as emergency vehicles and buses. There are biodiesel production plants in nearly every state.

Biodiesel does not require special fuel pumps or engine modifications. In fact, the majority of automobile manufacturers support biodiesel blends up to 20 percent in their engine warranties. Biodiesel meets a strict fuel specification set forth by ASTM International—the official U.S. fuel-certification organization. Renewable diesel is a fuel made from the same feedstocks as biodiesel but using a different process—one more similar to petroleum refining. The resulting product (renewable diesel) is chemically indistinguishable from petroleum diesel but made from renewable feedstocks.

The RFS has been a tremendous success:

Jobs Are Created, Economies Grow. With biodiesel plants nationwide—from California to Texas to North Carolina—the biodiesel industry directly supports more than 60,000 jobs, $11.42 billion in economic impact, and $2.54 billion in wages paid. In many rural areas of the country, biodiesel plants are a driving force of the local economy, supporting the employment of technicians, plant operators, engineers, construction workers, truck drivers, and farmers. Producers nationwide are poised to expand production and hire new workers with steady growth under the RFS. Every 500 million gallons of increased biodiesel production directly and indirectly supports 16,000 additional jobs.

Value Is Added to Other U.S. Economic Sectors, Such as Agriculture. Biodiesel provides very strong soybean price support. Biodiesel importantly allows U.S. soybean farmers to be more competitive in the global protein market, as demand for biodiesel supports U.S. soybean processing and export opportunities. Policy certainty is one of the most important factors in making significant investment decisions in value-added businesses like biodiesel.

Consumers Get Choice at the Pump. Biodiesel is a cost-effective, renewable alternative to petroleum diesel that, with help from the RFS, is saving diesel consumers money. Each gallon of RFS-qualified biodiesel is accompanied by a RIN credit. The value of that credit, which is traded on the open market, is factored into the value of each gallon of biodiesel. This added value allows producers to sell biodiesel at a lower price to fuel distributors or fleet managers, who can then pass along savings to consumers.

Energy Security Is Enhanced. Biodiesel is diversifying our fuel supplies so that we are less dependent on global oil markets that are influenced by unstable regions of the world and global events beyond our control. Despite increased domestic oil production, consumers will remain vulnerable to volatile international oil prices without diversity and competition in the fuels market.

Environmental Benefits Are Secured. According to EPA, biodiesel reduces lifecycle greenhouse gas emissions by 57 percent to 86 percent compared to petroleum diesel. The 15.5 billion gallons of biodiesel used through 2017 have cut greenhouse gas emissions by the same amount as removing 30 million passenger vehicles from America's roadways. EPA consistently cites

tailpipe emissions from traditional diesel—primarily from older trucking fleets and other heavy-duty vehicles—as a major national health hazard. Substituting higher amounts of biodiesel for traditional diesel fuel is the simplest, most effective way to immediately reduce diesel emissions. In addition to dramatically reducing most major air pollutants, biodiesel keeps wastes out of both landfills and the nation's waterways.

So, what can Congress do to ensure that biodiesel and advanced biofuels continue to meet U.S. transportation fuel needs? In short, ensure stability and predictable growth in the program. We believe it is important for all stakeholders in the transportation fuels industry to have policy certainty – not only the farmers, biofuel producers and their investors, but also the blenders and customers who choose to purchase the fuels.

The biodiesel industry has proven its ability to produce over and above the volumes set each year by EPA. We continue to grow and to invest, even in the face of policy uncertainty. Congress should use its oversight authority to ensure that EPA sets annual volumes that support market growth for both biodiesel and advanced biofuels and make certain the agency continues to implement the RFS program as designed.

Thank you again for the opportunity to submit this testimony. REG, NBB, and I would be pleased to serve as a technical resource on the industry as the committee moves forward with its deliberations.