

## Secretary Naig Testifies at the EPA Hearing in Michigan

**DES MOINES, Iowa** (Oct. 30, 2019) — Iowa Secretary of Agriculture Mike Naig spoke at the EPA hearing on the proposed volumes for 2020 and biomass-based diesel volume for 2021 in Ypsilanti, Michigan, today. He gave the following statement.

“Good morning, I’m Mike Naig, Iowa’s Secretary of Agriculture. Thank you for the opportunity to speak today on the proposed supplemental rule designed to address the demand destruction caused by small refinery exemptions.

Iowa leads the nation in biofuels production, which means we have a lot on the line. The renewable fuels industry accounts for more than \$5.3 billion — or about 3 percent — of Iowa’s GDP, \$2.5 billion in household incomes and more than 48,000 jobs. We have too much to lose to sit idly by and watch the EPA make reckless decisions that harm thousands of Iowa families.

Each growing season presents our farmers with a unique set of challenges. For many Iowa farmers, this has been one of the most difficult seasons since 2009 due to weather delays. Our farmers have battled record rainfalls, which led to record flooding. They face ongoing trade uncertainty. And now, the Renewable Fuel Standard that is intended to protect an important market for them is being undercut by their own government. So it’s not hard to understand why there’s a growing sense of frustration across America’s heartland.

On April 14, I took a brief break from touring flood-ravaged parts of southwest Iowa to join biofuels leaders at the Southwest Iowa Renewable Energy ethanol plant near Council Bluffs. On that day, I said in my public remarks, “We believe it is time for the EPA to address the threat the SREs pose to the Renewable Fuel Standard. Over the past two years, EPA has granted waivers that have accounted for 2.6 billion gallons of ethanol, equaling nearly 1 billion bushels of corn. I think Administrator Wheeler has inherited quite a mess when it comes to this issue, but it’s not too late for him to do the right thing on SREs.”

On May 31, I was back at the Southwest Iowa Renewable Energy ethanol plant. This time, I joined other biofuels leaders in applauding President Trump and the EPA for approving the year-round use of E15. We were all optimistic that this would spark growth in the market.

That optimism quickly faded in August when EPA granted another 31 small refinery exemptions. In just three years, the EPA had waived 4 billion gallons of biofuels production, nearly double the SRE gallons justified by the Department of Energy. Following this announcement, ethanol prices dropped about a dime, putting most refineries in the red, and dealing another blow to Iowa corn farmers.

On Oct. 3, our hope was restored when I was invited to participate in a call with White House officials. Joined by grower groups and renewable fuels industry leaders, I was pleased to learn a deal had been reached. On Oct. 4, we celebrated when the EPA announced that it would reallocate waived gallons based on a three-year rolling average of actual exemptions. This would ensure the future RFS levels would be met, and I was proud to support this deal.

A week later, we were astonished to learn that the EPA had rebuffed President Trump's commitment to Iowa's leaders and proposed a rule which offered no accountability or transparency, and fell short of the 15 billion gallon commitment. The proposed rule is eroding the public's trust and creating even more uncertainty in the market.

EPA must consider the real-world ramifications of these decisions. These rules are not merely words and numbers on paper, these rules have real impact on people in Iowa and across the country. Small rural communities in my home state, like Crawfordsville, Merrill and Sioux Center where ethanol plants have shut down, are feeling the effects first-hand. Hundreds of families have been impacted by these closures and have been forced to make hard, life-changing decisions because of the EPA's failure to uphold our President's promise.

Between 2016 and 2018, the DOE's RVO recommendations only accounted for 57 percent of the actual gallons exempted by small refinery waivers. The EPA's plan to make calculations based on unfollowed recommended numbers instead of actual numbers is math that can only be concocted in Washington. The American people are growing tired of these Washington shell games.

The EPA has granted 85 small refinery waivers since 2016, and we can't ignore the damage that has been done.

An RVO rule that lives up to President Trump's 15 billion gallon commitment will spark demand in the market place. It will give blenders confidence that they can resume their production and still be able to make payroll. It will encourage fueling stations to invest in E15 pumps. It will ignite investment, growth, career opportunities and hope in rural America.

It's time the American people hold the EPA accountable. In America's heartland, the law is the law. A deal is a deal. 15 billion gallons means 15 billion gallons.

Harvest is typically a season of celebration, a time when farmers are rewarded for their hard work and long-hours spent in the fields. But this year, farmers have fewer options to sell their grain due to irresponsible decisions by the EPA which are compounding already unfavorable market conditions. This RVO formula does not work in the real-world. It doesn't work for American families and it shouldn't work for the EPA.

On behalf of the renewable fuels industry, the people of Iowa, and farmers across the Midwest, I'm asking the EPA to double check its math. Future SREs must be reallocated based on the rolling three-year average of actual gallons waived, instead of projections from the Department of Energy.

Thank you for the opportunity to comment today."