

June 18, 2015

Opening Statement of Senator James Lankford

**Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs
and Federal Management Hearing titled:**

**“Re-examining EPA’s Management of the
Renewable Fuel Standard Program”**

Good morning. I want to welcome everyone to today’s Subcommittee hearing on the Renewable Fuel Standard.

I was privileged in the US House to chair two prior hearings on this topic and I look forward to another important discussion regarding the Renewable Fuel Standard and its management.

The ideals of the RFS are laudable: to improve our nation’s energy security and preserve the environment.

Since 2005, daily domestic oil production has nearly doubled. Meanwhile, other government regulations such as fuel economy standards, combined with the economic recession, has led to lower demand than anticipated.

Additionally, the increased use of natural gas and improved energy efficiency have lowered our greenhouse gas emissions.

For many years the RFS has chased the annual mandates. Statutorily, the EPA is required to release the mandated volumes by November 30 of the preceding year to allow those covered by the mandate to plan for the future.

The EPA has not met this deadline since 2009, and we are still waiting for EPA to finalize the 2014 volumes even though the year in question has been over for six months. When the announcement was made in November of last year that we would not see a final rule until the calendar year was over, the agency cited “significant comment and controversy” as the reason why they could not finalize volumes – seemingly an admission that this program is simply unworkable in its current form.

In accordance with a court order, on June 1, 2015 the proposed mandates for 2014, 2015 and 2016 were all released together. Although some might say better late than never, we need to take a serious look at whether these delays are unavoidable every year under current law.

As for the actual numbers, the EPA's proposed 2014, 2015 & 2016 requirements include increased, unattainable renewables quotas for our gasoline supply over the next year and half. The EPA has wisely chosen to work from the actual used volumes from 2014, but the future mandates called for by the proposed rule represent an "aspirational" goal of breaching the blend wall with very little time for increased consumer use of vehicles equipped to handle higher ethanol fuels.

The likelihood that the volumes of cellulosic, an advanced fuel required under the RFS, will have to be "reset" by the EPA starting next year increases the regulatory uncertainty. This authority will likely be triggered due to the agency waiving significant percentages of the volume mandated by law in the face of production not being nearly as high as imagined by Congress in 2007 when the RFS was last modified.

After a decade of implementation we must ask ourselves if the RFS goals of yesterday are worth the increased costs to our food, gas and the environment.

From the price of livestock feed, to the additional costs to restaurant owners, to the everyday Americans who live with more expensive grocery bills - this program has had a negative impact. Beyond real concerns over engine damage, there have also been additional costs to motorists at the pump. On the environmental front, new studies are highlighting the program's negative impact on our land, water and air.

Today we have the opportunity to review the EPA's management of the program and take stock of the current state of the RFS. I anticipate an insightful hearing and I am pleased that our witness, Ms. Janet McCabe, could join us.

I look forward to re-examining these issues with my colleagues and our witness today. With that, I will recognize Ranking Member Heitkamp.