

December 1, 2016

Opening Statement of Senator James Lankford

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

“Examining Two GAO Reports Regarding the Renewable Fuel Standard”

Good afternoon. I want to welcome everyone to today’s Subcommittee hearing titled “Examining Two GAO Reports Regarding the Renewable Fuel Standard.” Today is this subcommittee’s second hearing on the Renewable Fuel Standard, and my fourth hearing on this topic since being elected to Congress. I am committed to continuing oversight of the RFS until we find a solution for this deeply flawed program.

In 2005, Congress established the RFS with the goals of reducing our nation’s dependence on foreign oil and lowering greenhouse gas emissions by mandating that biofuels be blended with domestic transportation fuel in increasing volumes through the year 2022. After that time, the Environmental Protection Agency will have wide latitude to decide the volume of biofuels that must be blended into the gasoline supply.

However, the situation has changed dramatically since the RFS’s enactment in 2005 and subsequent 2007 revision. Demand for oil in the transportation sector is lower than originally predicted, in part due to heightened fuel economy standards and sluggish economic growth. Further, given the substantially increased domestic oil production resulting from the shale oil boom, the U.S. also imports much less oil than initially forecasted.

Through a series of hearings, I have worked to determine the structure and viability of the RFS to achieve its goals. Specifically, I have tried to understand the RFS through the eyes of the EPA and appreciate how difficult it is for the agency to administer the program. Congress created the unworkable RFS formula—EPA is left trying to make it work anyway.

EPA is required to release the final volumes of biofuels to be blended into the gasoline supply by November 30 of the preceding year to allow industry participants and other stakeholders to comply and plan for the future. Between 2009 and 2015, EPA failed to meet this November 30 deadline and only finally released final mandated volumes for 2014 through 2016 on November 30, 2015—one year late for the 2015 final volumes and two years late for the 2014 final volumes.

I would like to recognize that EPA released its 2017 volumes on November 23rd, thus meeting the statutory deadline.

Recognizing the difficulties the EPA faces with the RFS, on April 6, 2015 I asked GAO to examine the viability of the RFS and determine whether the program will be able to meet its goals in the future. It has taken GAO approximately nineteen months to conduct a thorough independent analysis of the RFS and finalize its conclusions. In order to reach its conclusions, GAO, in coordination with the National Academy of Sciences, convened a group of stakeholder experts from industry, academia, and the non-profit sector to produce two reports on the RFS, both of which were released on Monday, November 28, 2016.

GAO's first report determined that advanced biofuels production is unlikely to meet the RFS's increasing production targets. GAO noted that advanced biofuels are still too expensive for stakeholders to produce at necessary levels to meet the RFS's increasing targets through 2022. Even with government funded R&D and mandated subsidies. Despite the federal government spending \$1.1 billion between fiscal years 2013 and 2015 for advanced biofuels research and development, GAO determined that advanced biofuels targets are unattainable.

In its second report, GAO concluded that the RFS is unlikely to meet its goal of reducing greenhouse gas emissions. The production of advanced biofuels, which should reduce greenhouse gas emissions, will remain too limited to meet the program's greenhouse gas reduction targets. For example, in 2015, cellulosic biofuel, an advanced biofuel category, was produced at a meager 142 million gallons—less than 5 percent of the statutory target of 3 billion gallons.

This hearing will give GAO the opportunity to present its findings on the RFS from these two reports and for the EPA to comment on the findings. With the release of the GAO reports we have an independent government auditor's findings that confirm the stances many in Congress, including myself, have come to hold – that is the RFS is not sustainable and will not meet its intended goals. This program yields few benefits but it inflicts substantial costs on consumers.

Rather than continuing with an unwieldy program which consistently fails to meet its targets and goals, it is time for Congress, the next Administration, and the American public to do away with the RFS. Last year Congress admitted that the education mandates in No Child Left Behind did more harm than good, so we repealed the law and implemented the Every Student Succeeds Act. I believe, it is time that we do the same for the Renewable Fuel Standard.

I am delighted to have the EPA's Ms. Janet McCabe and GAO's Mr. Frank Rusco here today as witnesses to engage in a productive discussion on the RFS. I look forward to continuing this Subcommittee's oversight of the RFS with my colleagues and our witnesses today.

With that, I now recognize Ranking Member Heitkamp for her opening statement.