The Outlook for Conventional Biofuels is Brighter Than You Think

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The EPA's mandate for corn-based ethanol biofuel is a bad idea

A fuel nozzle for E-85, left, and traditional gasoline is seen at a gas station in Batesville, Miss. In August of 2014, The Obama administration is boosting the amount of corn-based ethanol and other renewable fuels in the U.S. gasoline supply. (Rogelio V. Solis / Associated Press)

By The Times Editorial Board · Contact Reporter

DECEMBER 8, 2015, 5:00 AM

- Cellulosic
- Biodiesel
- Undifferentiated
- Conventional

Gallons (billion)

Year


20% GHG Reduction

50% GHG Reduction

Gallons (billion)

- Biodiesel
- Undifferentiated
- Conventional

Year


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E10 Blend Wall and RFS Statutory Conventional Mandate, 2010 - 2016

- Blend Wall
- Conventional Mandate

Year 2010: Blend Wall 12.9, Conventional Mandate 12.0
Year 2011: Blend Wall 12.9, Conventional Mandate 12.6
Year 2012: Blend Wall 12.9, Conventional Mandate 13.2
Year 2013: Blend Wall 13.2, Conventional Mandate 13.2
Year 2014: Blend Wall 13.4, Conventional Mandate 13.8
Year 2015: Blend Wall 14.4, Conventional Mandate 14.4
Year 2016: Blend Wall 15.0, Conventional Mandate 15.0

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November 2013: EPA’s 1st Proposal for 2014 RFS Standards

E10 blend wall challenges drove EPA policy shift:

“The proposal seeks to put the RFS program on a steady path forward - ensuring the continued growth of renewable fuels while recognizing the practical limits on ethanol blending, called the ethanol "blend wall.”

Novel legal argument for renewable mandate write down:

“inadequate domestic supply”


Year | Advanced | Conventional | Conventional Cut | Total
--- | --- | --- | --- | ---
2014 | 3.0 | 10.0 | 0.0 | 13.01
2015 | 3.0 | 10.0 | 0.0 | 13.01
2016 | 3.0 | 10.0 | 0.0 | 13.01
2017 | 3.0 | 10.0 | 0.0 | 13.01
2018 | 3.0 | 10.0 | 0.0 | 13.01
2019 | 3.0 | 10.0 | 0.0 | 13.01
2020 | 3.0 | 10.0 | 0.0 | 13.01
2021 | 3.0 | 10.0 | 0.0 | 13.01
2022 | 3.0 | 10.0 | 0.0 | 13.01

Total Gallons (billion): 13.01bg

- **Advanced**
- **Conventional**
- **Conventional Cut**

**Year**
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022

**Gallons (billion)**
- 0
- 5
- 10
- 15
- 20
- 25

17.3bg total conv. cut

potential advanced cuts?
EPA retreats on ethanol mandate

By Ben Geman

Rationale for EPA Renewable Fuel Standard proposal questioned
Does EPA biofuel mandate proposal play into oil company hands?
David Bennett

EPA proposal, advanced biofuels industry’s “worst nightmare”
by Lynn Grooms in Farm Industry News Blog

Dec. 4, 2013
Senator Charles Grassley of Iowa last week told reporters, "I would doubt there would be a complete reversal [from the proposal], which is what I would like to happen. I'd be surprised if there wasn't some modification of the original rule that still might be considered a partial victory for ethanol."

E10 blend wall challenges still driving EPA policy shift:

“...realworld constraints, such as the slower than expected development of the cellulosic biofuel industry and constraints in the marketplace needed to supply certain biofuels to consumers, have made the timeline laid out by Congress impossible to achieve.”

Novel legal argument for renewable mandate write down still used:

“inadequate domestic supply”
<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
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<td>0.033</td>
<td>0.123</td>
<td>0.230</td>
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<td>Biomass-Based Diesel</td>
<td>1.63</td>
<td>1.73</td>
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<td>Advanced Biofuel</td>
<td>2.67</td>
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<td>Total</td>
<td>16.28</td>
<td>16.93</td>
<td>18.11</td>
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<td>Implied Conventional</td>
<td>13.61</td>
<td>14.05</td>
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Note: These volumes are stated in billion gallons of ethanol equivalents, except for biomass-based diesel which is stated in billion gallons of "wet" physical volume terms. NA stands for not applicable.

![Bar chart showing gallons (billion) of renewable fuels for years 2014 to 2022. The chart includes data for advanced, conventional, and conventional cut fuels. The total conventional cut is 1.9 billion gallons. There are no advanced fuel cuts shown.](file://image_url)

- Potential Conventional Mandate (E15/E85)
- Conventional Mandate (E10)
- Advanced Mandate (E10)

Gallons (billion)

Year:
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022

5.8bg total
E10 blend wall
www.farmdocdaily.illinois.edu
Corn for Domestic Ethanol Use under EPA November 2015 Final Rules, 2014-2022*

- **Potential Conventional Mandate (E15/E85)**
- **Conventional Mandate (E10)**

*no adjustment for co-product production

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*www.farmanddocdaily.illinois.edu*
Weekly (Thursday) Ratio of Wholesale Ethanol to CBOB Gasoline Price at Chicago, 01/25/2007 - 12/03/2015

Source: OPIS

www.farmdocdaily.illinois.edu
Domestic Biodiesel Use (physical gallons) under EPA November 2015 Final Rules, 2014-2022


Gallons (billion)

- Biodiesel Mandate
- Potential Advanced Mandate
- Potential Conventional Mandate

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<thead>
<tr>
<th>Year</th>
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<th>Potential Renewable Mandate</th>
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Summary

1. Latest RFS rules from the EPA represent a major win for ag and conventional biofuels
2. Modest increase in ethanol use, but a very high safety net
3. Large increases in biodiesel and renewable diesel on the horizon