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U.S. Environmental Protection Agency (EPA)  
Office of Air and Radiation  
1200 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

**Re: Docket ID No. EPA-HQ-OAR-2018-0167 “Renewable Fuel Standard Program: Standards for 2019 and Biomass-Based Diesel Volume for 2020”**

Chevron appreciates the opportunity to review and comment on the referenced Notice of Proposed Rulemaking (NPRM). Chevron is a major refiner and marketer of petroleum products in the U.S. This proposed rule directly affects Chevron's compliance requirements under the Renewable Fuel Standard (RFS), which in turn impacts our transportation fuel business and customers. Chevron is a member of the American Petroleum Institute (API). We support and incorporate by reference the separate comments submitted by API in response to this proposed rulemaking.

Chevron has commented on EPA's previous proposals of annual RFS standards, most recently in August 2017 related to the 2018 RFS NPRM. Many of the comments we provided in 2017 are still pertinent, because the problems and challenges with the RFS are fundamental and ongoing. We refer you to our submittal of August 29, 2017 to the Docket ID No. EPA-HQ-OAR-2017-009. Specifically, our comments on the ethanol blend wall, the recommended use of both the cellulosic and general waiver authorities, carryover RINs, and small refinery exemptions are all still relevant for the 2019 RFS NPRM.

Chevron provides the following additional comments on the 2019 NPRM:

**Proposed volume standards and waiver authority**

Chevron supports EPA's proposed use of the cellulosic waiver to reduce both the total renewable fuel and advanced biofuel volumes. The reduction of these statutory volumes is necessary to make the RFS more workable in the short term. It is appropriate for EPA to use waivers to address the blendwall by reducing the total renewable fuel standard and the advanced biofuel standard.

However, the use of the cellulosic waiver by itself does not go far enough to reduce renewable fuel volumes to the point where they are consistent with the transportation fuel market. The proposed volumes standards of 19.88 billion gallons and 4.88 billion gallons for total renewable fuel and advanced biofuel, respectively, represent a step change of 590 million gallons greater than the final standards for 2018.

The proposed increase in total renewable fuel continues to push the RFS beyond the ethanol blendwall, without additional market capability to blend additional volumes of ethanol. Coupled with the proposed 14% increase in the advanced biofuel volume standard, conventional volumes above the ethanol blendwall will put additional pressure on the demand for biodiesel. Biodiesel continues to be an expensive fuel that relies on government support provided by the RFS. The additional requirement for biodiesel will lead to an increased marginal cost of supply and higher fuel costs to consumers.

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For these reasons, it is appropriate for EPA to use its general waiver authority in addition to the cellulosic waiver authority to prevent economic harm. EPA's application of the two waiver provisions, the cellulosic waiver and the general waiver, is critical for the RFS to function below the blendwall and to ensure viable compliance options for obligated parties. Chevron strongly encourages EPA to utilize both waivers in finalizing this rule at volumes achievable for the U.S. transportation fuels market.

### **Carryover RINs**

Chevron agrees with EPA's stated position to not require the use of carryover RINs to achieve compliance with the 2019 standards. However, due to the significant increase in proposed volumes for total renewable fuel and advanced biofuel, a drawdown of banked RINs is likely. EPA should set volume standards that are achievable based on the actual physical blending of renewable fuels in the transportation market. This provides additional justification for EPA to utilize the general waiver authority to set achievable standards.

### **RIN market operations**

Chevron does not recommend any changes in the structure or the regulations related to RIN market operations. We believe the RIN market benefits from broad participation and active trading opportunities, providing obligated parties with flexibility and options for managing compliance. The current program structure has developed over many years with established trading practices and systems. There is no justification for making changes to this part of the program. The problems with the RFS are related to the inability to blend mandated volumes of renewable fuels and are not caused by the structure of the RIN trading program.

### **Reallocation of exempted volumes**

Chevron agrees with EPA's decision not to reallocate renewable fuel volumes from small refinery exemptions. However, the possibility of future reallocation continues to be discussed. There is no basis in the RFS statute for increasing future volume standards to make up for previously exempted volumes. To do so would penalize obligated parties who relied on EPA's final volume standards and took appropriate actions to comply. We strongly encourage EPA to maintain its position against reallocation of exempted volumes.

### **Conclusion**

EPA's proposed rule acknowledges the ethanol blendwall and appropriately uses the cellulosic waiver authority to adjust the statutory volumes. However, the volumes proposed by EPA are too optimistic and could result in economic harm associated with exceeding the ethanol blend wall and requiring additional volumes of expensive biodiesel. Therefore, the volumes merit further reduction under the general waiver authority.

Chevron has ongoing concerns with the RFS. Despite the efforts by EPA, our industry, and many others, the RFS statutory volumes remain fundamentally unworkable and the RFS has proven to be a highly complex program that is effectively a mandate for first generation biofuels. The RFS should be repealed or significantly reformed.

Thank you for providing this opportunity for Chevron to comment on the NPRM. If you have any questions regarding our comments, please contact Bob Anderson ([bob.anderson@chevron.com](mailto:bob.anderson@chevron.com); 925-842-5317) or Renee Jones ([renee.jones@chevron.com](mailto:renee.jones@chevron.com); 202-408-5853).

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn R.", followed by a horizontal line extending to the right.