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Via online submission at www.regulations.gov

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-2019-0136 "Renewable Fuel Standard Program: Standards for 2020 and Biomass-Based Diesel Volume for 2021, Response to the Remand of the 2016 Standards, and Other Changes"

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 provides the following comments on the 2020 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 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 20.04 billion gallons and 5.04 billion gallons for total renewable fuel and advanced biofuel, respectively, represent an increase of 120 million gallons compared to the final standards for 2019.

The proposed increase in total renewable fuel continues to push the RFS beyond the ethanol blendwall, outpacing any additional market capability to blend such increased volumes of ethanol. Additional biodiesel will be required to satisfy the proposed conventional biofuel volumes above the ethanol blend wall. The additional demand for biodiesel to meet the conventional volumes combined with the demand to satisfy the advanced biofuel volumes will put additional pressure on the domestic supply of 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, higher fuel costs to consumers, and potentially severe economic harm to U.S. society.

For these reasons, it is appropriate for EPA to use its general waiver authority in addition to the cellulosic waiver authority to prevent potentially severe 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 2020 standards. However, due to the significant increase in proposed volumes for total renewable fuel and advanced biofuel, a drawdown of banked RINs is likely should there be insufficient market capability to blend such increased volumes. EPA estimates that the balance of carryover RINs is expected to decline to 11% of the total renewable fuel volume standard and 8% of the advanced biofuel volume standard. These levels are lower than the 20% annual cap on carryover RINs and could jeopardize the flexibility for obligated parties to comply with the standards. EPA's own RIN balance estimates contravene the long-standing policy to establish realistic renewable fuel volume requirements that do not require the use of carryover RINs.

EPA's use of the general waiver is further supported by the expected decrease in the balance of carryover RINs. EPA should use the general waiver to set volume standards that are achievable based on the actual physical blending of renewable fuels in the transportation market.

Remand of 2016 Volumes

Chevron agrees with EPA's proposal to retain the 2016 total renewable fuel standard in response to the D.C. Circuit Court of Appeals remand of the 2016 final rule. As EPA explains in the NPRM, there is no practical way to reopen the 2016 compliance period for obligated parties to resubmit additional 2015 and 2016 RINs to comply with an increased total renewable fuel volume standard.

EPA should not impose an incremental standard in 2020 to adjust for any volumes of renewable fuel which were not blended in 2016. An incremental standard would put significant pressure on the RIN and fuel markets because the proposed 2020 volume standards already exceed the ethanol blendwall. The use of carryover RINs would likely result as the only option to satisfy the incremental volume standard. Since there is no practical remedy for adjusting the 2016 total renewable fuel volume standard, EPA is justified in retaining the original standard.

Conclusion

EPA's proposed rule appropriately uses the cellulosic waiver authority to adjust the statutory volumes. However, the volumes proposed by EPA could result in severe economic harm associated with

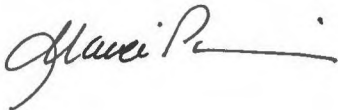
exceeding the ethanol blend wall and requiring additional volumes of expensive biodiesel. Therefore, the volumes merit further reduction using the general waiver authority.

The drawdown of the carryover RIN balance, the potential increase in volume standards from the 2016 remand decision, and the potential reallocation of small refinery exemption volumes each pose a risk to the RFS in 2020. EPA should maintain its position and reject any suggestion to increase the 2020 volume standards based on these factors.

Chevron has ongoing concerns with the RFS. Despite the tremendous efforts by EPA, our industry, and many others, the RFS statutory volumes remain fundamentally unworkable. The RFS has proven to be a highly complex program with a significant cost impact on the U.S. consumer.

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; 925-842-5317) or Renee Jones (renee.jones@chevron.com; 202-408-5853).

Sincerely,

A handwritten signature in black ink, appearing to read "G. L. P.", followed by a horizontal line.