



July 18, 2018

Enerkem's Testimony: Public Hearing Proposed Volume Standards for 2019, and the Biomass-Based Diesel Volume for 2020

Good Afternoon and thank you for convening today's important hearing. My name is Lisa Hanke and I am the Director of Global Government Affairs for Enerkem.

Enerkem is a leading waste-to-biofuels and chemicals company. Our facility in the City of Edmonton in Canada is the world's first commercial biorefinery to use municipal solid waste to produce cellulosic ethanol, using our proprietary technology. In 2015 the facility began producing methanol, which is our chemical intermediate to produce ethanol, and is now ramping-up commercial production of cellulosic ethanol.

We registered this pioneering facility with the EPA last year as a renewable fuel producer under the Renewable Fuel Standard in anticipation of selling cellulosic ethanol into the United States.

Enerkem has several projects in development in the U.S. including a project in Minnesota, in partnership with SKB Environmental, a Waste Connections company. At full capacity, this facility will produce 45 million gallons of cellulosic ethanol annually from 230 000 tons of non-recyclable, separated Municipal Solid Waste. The facility will create 104 permanent direct jobs and represent a \$200 million private investment in the local area. It will also stimulate the manufacturing sector by engaging over 200 suppliers to manufacture the equipment and modules needed for construction of the plant.

Enerkem is committed to building facilities in the U.S. and supplying cellulosic ethanol to meet the RFS. With that in mind, we urge EPA to maintain a strong RFS to reduce U.S. reliance on foreign energy, create jobs and growth in U.S. manufacturing and lower GHG emissions from the transportation sector.

Enerkem is encouraged to see the proposed increases to the cellulosic biofuel pool and to the advanced biofuel pool more generally. With several facilities nearing completion, or ready to sell as soon as their RFS registrations are approved, we believe that our sector of the biofuels industry is ready to make significant contributions to U.S. energy security and economic growth.

Enerkem is also pleased that the EPA continues to recognize that compliance with obligated volumes above and beyond the so-called blend wall is readily achievable. Maintaining the conventional ethanol obligation at the statutory level will help drive more investment in infrastructure to accommodate higher ethanol blends.

The commitment of our industry is clear, and many billions of dollars have been invested to provide clean renewable fuel under the RFS program. We see the 2019 Proposed RVO as a strong signal for our industry and its partners.

Having said that, we must urge EPA not to weaken this signal by continuing to grant small refiner exemptions in unprecedented numbers. The demand created by the RFS is what stimulates private investment. Any signal to the investment community that EPA is weakening the RFS can create uncertainty in our sector and slow down capital investment and job growth. By continuing to grant waivers to refiners that clearly do not meet the definition of "financial hardship" set out by Congress, the EPA is significantly shadowing any positive impact the Proposed 2019 RVO will have.

According to an article published in July by Coppess and Irwin out of the University of Illinois at Urbana-Champaign¹, the result of the final 15-billion-gallon conventional mandate is reduced to 13.887 billion gallons in practice due to the impact of small refiner's waivers. This is not only a large reduction in absolute terms, but it results in the conventional mandate now being well below the E10 blend wall. Similar results can be expected for the other categories of biofuels as well. Thus, if this continues, the 2019 RVO will need to be increased or the waivers will need to be reduced.

¹ Coppess, J. and S. Irwin. "EPA 2019 RFS Proposed Rulemaking: What You See Is Not What You Get." *farmdoc daily* (8):128, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, July 12, 2018.

Enerkem believes that policy certainty is paramount to a robust and consistent investment environment, on which emerging, innovative technologies are highly reliant. We urge the EPA to support the RFS through a strong RVO such as the Proposed 2019 RVO and through consistent, transparent enforcement mechanisms as set out by Congress. Only by allowing the RFS to work as intended will the EPA help the U.S. achieve energy security and independence as well as revive U.S. manufacturing and support jobs and investment in this important sector of America's economy. Thank you for your consideration.

For more information, please contact:

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