

August 13, 2021

Transportation and Climate Initiative Program
via the TCI-P Public Portal

Re: **Comments of POET LLC on the Transportation and Climate Initiative's Model Rule**

POET, LLC (POET) hereby submits these comments on the Transportation and Climate Initiative Program's (TCI_P) Model Rule, which furthers TCI-P's efforts to develop a regional low-carbon transportation policy for jurisdictions in the Northeast and Mid-Atlantic.¹

POET's mission is to be good stewards of the Earth by converting renewable resources to energy and other valuable goods as effectively as humanly possible. POET owns and operates an industry-leading 33 bioethanol plants, and is the world's largest producer of plant-based biofuels, with three billion gallons of annual production capacity. Started in 1987, the company today operates in eight states, and markets biofuels and renewable co-products here in the U.S. and across the globe. In 2019, Fast Company recognized POET on its annual list of "Most Innovative Companies" for transportation and FORTUNE recognized POET on its list of companies that are changing the world. While the scope of our vision has grown, POET remains focused on reducing reliance on petroleum products, revitalizing global agriculture, and providing a cleaner, affordable alternatives to fossil fuels.

POET is deeply committed to decarbonizing transportation and developing cleaner, affordable alternatives to fossil fuels. POET writes in support of the Model Rule. The Model Rule has the potential to encourage greater use of renewable biofuels for transportation in the Northeast and Mid-Atlantic, which supports TCI-P's goals of delivering a cleaner and more resilient transportation system, reducing greenhouse gases (GHGs) and other harmful pollutants, and benefiting those communities that are disproportionately burdened by air pollution.

I. The Role of Renewable Biofuels in Reducing Transportation Sector GHG Emissions

The increased use of renewable biofuels can significantly reduce GHG emissions from the transportation sector in the near term. Virtually all gasoline sold today contains 10% ethanol ("E10"). Almost all of the existing fleet of cars and trucks (those not designed

¹ Transportation and Climate Initiative, Model Rule (June 10, 2021), available at <https://www.transportationandclimate.org/sites/default/files/TCI-P-Model-Rule.pdf> (hereinafter "Model Rule").

to run on diesel or electricity) can use 15% ethanol (“E15”).² E15 increases the biofuel content of gasoline by 50% above E10. E15 is EPA-approved for all gasoline vehicles model year 2001 and newer, which cumulatively represent more than 9 out of 10 cars, trucks, and SUVs on the road and more than 97% of vehicle miles traveled. Moreover, as of 2017, there are more than 21 million flex-fuel vehicles (FFVs) on the road in the United States, which can support up to 85% ethanol (“E85”).³ Of that number, approximately 4.4 million FFVs are in use in the 13 states collaborating on the Transportation and Climate Initiative.⁴

CO₂ reduction benefits increase in proportion to the increased share of renewable biofuels blended into gasoline, and higher-level ethanol blends are readily suited for today’s vehicles. Indeed, ethanol is the most affordable and readily available means to significantly decarbonize fuels for internal-combustion passenger vehicle engines.

II. The Model Rule Appropriately Exempts Biofuels from Allowance Obligations

POET supports the approach taken in the Model Rule’s exemption of biofuels from allowance obligations. Subpart XX-8 of the Model Rule appropriately imposes allowance surrender obligations on fuel providers only for emissions attributable to the combustion of the *fossil fuel* content of fuel.⁵ Subpart XX-8 specifically exempts the combustion of the biomass-derived content of fuel from CO₂ emission allowance obligations.⁶

This approach is consistent with other programs that recognize that, when combusted, biomass-derived fuel can be viewed as carbon neutral because of the relatively fast uptake of CO₂ emissions by biomass growth. For example, the Environmental Protection Agency’s (EPA) Greenhouse Gas Reporting Program regulations treat combusted biomass as carbon neutral.⁷ The Regional Greenhouse Gas Initiative, a cap-and-trade program for power plants in which multiple TCI-P jurisdictions participate, treats power generated from eligible biomass⁸ to be carbon neutral and exempt from allowance surrender obligations.⁹

² See Partial Grant of Clean Air Act Waiver Application Submitted by Growth Energy To Increase the Allowable Ethanol Content of Gasoline to 15 Percent, 76 Fed. Reg. 4,662 (Jan. 26, 2011), available at <https://www.federalregister.gov/documents/2011/01/26/2011-1646/partial-grant-of-clean-air-act-waiver-application-submitted-by-growth-energy-to-increase-the>.

³ *Flexible Fuel Vehicles*, U.S. DEPT. OF ENERGY, https://afdc.energy.gov/vehicles/flexible_fuel.html.

⁴ Note that information is unavailable for the number of FFVs in Washington, D.C. *E15 & Flex Fuel Trailer Roadmap*, AMERICAN COALITION FOR ETHANOL (2016-2017), https://flexfuelforward.com/roadmap/wp-content/uploads/E15_Flex_Fuel_Retailer_Roadmap.pdf.

⁵ Model Rule XX-8.2(c)(5)(i).

⁶ Model Rule XX-8.2(c)(5)(ii)(c).

⁷ 40 C.F.R. § 98.2(b)(2).

⁸ “Eligible biomass” includes sustainably harvested woody and herbaceous fuel sources that are available on a renewable or recurring basis, including ...other neat liquid biofuels derived from such fuel sources.” *Model Rule*, RGGI (Dec. 14, 2018), https://www.rggi.org/sites/default/files/Uploads/Design-Archive/Model-Rule/2017-Program-Review-Update/2017_Model_Rule_revised.pdf, at p. 11.

⁹ *Emissions*, RGGI, <https://www.rggi.org/allowance-tracking/emissions>.

Similarly, the California GHG reporting and cap-and-trade programs exempt certain biomass-derived fuels from compliance requirements.¹⁰

Exempting biomass-derived fuel from allowance surrender obligations creates an incentive for the increased use of such renewable fuel, which will result in increased environmental and economic benefits. Substituting biomass-derived fuels for conventional gasoline and diesel results in substantial and near-term CO₂ emission reductions and reduces conventional air pollutants. Even measured on a life-cycle basis, biofuels have substantially lower emissions than gasoline. A recent and comprehensive peer-reviewed study found that the life-cycle GHG emissions attributable to ethanol use are 46% lower than those from conventional gasoline.¹¹

Additionally, a program that encourages the use of renewable biofuels ultimately furthers the TCI-P's mission to achieve equitable outcomes. Increased blending of biofuels into gasoline reduces vehicle pollution, which disproportionately burdens communities of color.¹² It also can help mitigate price increases at the pump that may result from the TCI-P, as ethanol has historically been sold at a discount to gasoline.

III. Conclusion

POET appreciates the opportunity to comment on the Model Rule. Renewable biofuels can significantly reduce CO₂ emissions from cars and trucks in TCI-P jurisdictions, benefit vulnerable communities disproportionately impacted by pollution, and help moderate the impact of the CO₂ cap on prices at the pump to further the TCI-P's environmental and equity objectives. POET looks forward to continuing to be part of the TCI-P stakeholder discussion.

If you have any questions or would like additional information, please contact me at michael.walz@poet.com.

Sincerely,



Michael Walz
Director of State Policy
POET LLC

¹⁰ See, e.g., *Biogas-Derived Fuels Guidance for California's Mandatory GHG Reporting Program*, CALIFORNIA AIR RESOURCES CONTROL BOARD, <https://ww3.arb.ca.gov/cc/reporting/ghg-rep/guidance/biomass.pdf>.

¹¹ MELISSA J. SCULLY, GREGORY A. NORRIS, TANIA M. ALARCON FALCONI, DAVID L. MACINTOSH, CARBON INTENSITY OF CORN ETHANOL IN THE UNITED STATES: STATE OF THE SCIENCE, 24 (Environmental Health & Engineering Inc., 2021).

¹² *Inequitable Exposure to Air Pollution from Vehicles in the Northeast and Mid-Atlantic*, UNION OF CONCERNED SCIENTISTS (June 21, 2010), <https://www.ucsusa.org/resources/inequitable-exposure-air-pollution-vehicles>; see also *Vehicles, Air Pollution, and Human Health*, UNION OF CONCERNED SCIENTISTS (July 18, 2014), <https://www.ucsusa.org/resources/vehicles-air-pollution-human-health>.