



OFFICE OF THE GOVERNOR

RICK PERRY
GOVERNOR

January 27, 2014

The Honorable Gina McCarthy
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Ariel Rios Building, Room 300
Washington, D.C. 20460

RE: Petition for Waiver Under Clean Air Act Section 211(o)(7)(A)

Dear Administrator McCarthy:

In 2008, I requested a partial waiver of the Renewable Fuel Standard (RFS) mandate for ethanol derived from grain, citing the negative economic affects the mandate has on Texas producers, consumers and commuters. In 2012, I wrote in support of a full or partial waiver request by fellow governors and other leaders when, with more than 55 percent of the country's pastureland damaged by drought, the ethanol mandate threatened to compromise crop yield and overall production. Today, I am writing in support of the recent petition for a partial waiver of the 2014 applicable volumes of RFS by the American Petroleum Institute and American Fuel and Petrochemical Manufacturers.

Today, more than 50 percent of the country is experiencing abnormally dry to exceptional drought conditions, a trend the U.S. drought monitor expects to persist over the next 12 months. While the impacts of drought will continue to threaten U.S. and Texas farmers and producers, this year, we are faced with another challenge created by RFS. While renewable fuel requirements are increasing annually, gasoline demand in the United States is steadily declining. This dynamic has created the E10 blendwall — the point at which more renewable fuel is required to be blended than can be safely consumed in the United States, due to fundamental constraints imposed by fueling infrastructure and problems of gasoline engine incompatibility with increased ethanol blends.

The mandate currently requires U.S. gasoline suppliers to demonstrate compliance with RFS through Renewable Identification Numbers (RINs). The number of RINs available is tied directly to the level of consumption of renewable fuels in U.S. transportation fuels. As RFS

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mandates exceed the ability of the underlying fuel supply and vehicle and infrastructure compatibility to accommodate additional amounts of renewable fuels, there will be a shortage of RINs available for compliance, thereby limiting supplies of gasoline and diesel for U.S. consumption. Such a shortage will result in severe economic harm to consumers and the overall economy if not corrected now.

Your agency has rightfully acknowledged the blendwall and exercised its authority in the proposed 2014 RFS volumes rule by waiving the volumes to just below 10 percent ethanol. I strongly encourage you to stay the course and remain steadfast in your resolve to avoid the blendwall and unnecessary economic harm as you finalize the 2014 RFS volumes. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "RICK PERRY". The letters are written in a cursive, slightly slanted style.

Rick Perry
Governor

RP:rvp