



Energy & Infrastructure Program

Energy Project

Options for Reforming the Renewable Fuel Standard

A Report from the Staff of the Bipartisan Policy Center



Background and Goals of BPC's RFS Project

In the time since the Renewable Fuel Standard (RFS) was first passed into law in 2005 and later expanded in 2007, domestic biofuels production has risen and renewable fuels have increased as a percentage of the total U.S. transportation fuels supply. At the same time, persistent challenges in courts and in the implementation of enacted laws, as well as significant changes in the U.S. energy production landscape, have kept the RFS at the forefront of energy policy discussions. The Environmental Protection Agency's (EPA) additional delay of the 2014 rule and the associated compliance volumes is a further indicator that **improvements to the RFS are needed.**

However, experience with the program has not led to a consensus on what, if anything, should be done. For some time, there have been strong advocates on both sides of the debate calling for either outright repeal of the RFS or holding firm on the existing requirements. **The Bipartisan Policy Center (BPC) chose to explore a middle ground where we think tangible progress can be made to reform—but not repeal—the RFS.**

Specifically, in order to support constructive dialogue in this ongoing debate, **BPC's Energy Project convened an advisory group of diverse stakeholders who agreed to discuss legislative and/or regulatory reforms** that could put the RFS on a stable footing. The advisory group met three times over the course of 2014, and their discussions, deliberations, agreements, and disagreements informed the creation of 40 policy options to improve the RFS. Although these options do not represent the consensus of the advisory group, they are intended as a first step in exploring the ways in which constructive reforms could create a more robust and effective RFS program.



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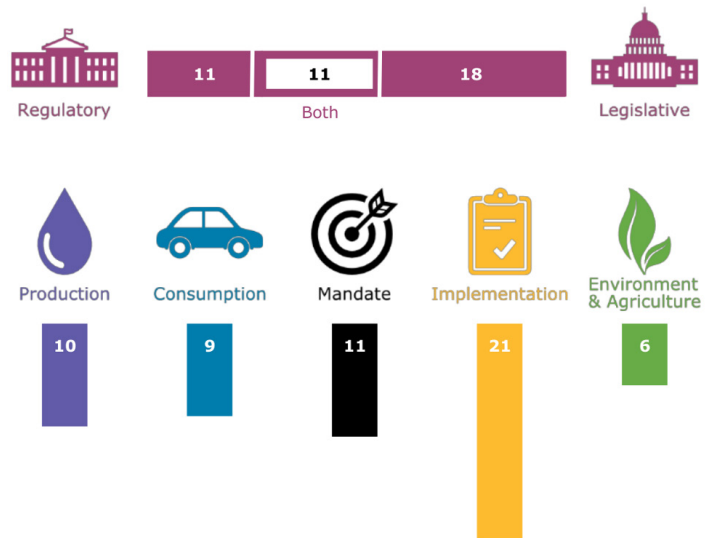
RFS Policy Options Inventory

Given the complexity of the RFS, **the inventory was designed to address biofuels challenges at multiple scales, across many topical areas, through multiple mechanisms, and over varying periods of time.** Therefore, no one policy option contained in the inventory will serve as a single solution to all of the challenges of the RFS; options must be combined—and considered in tandem—if they are to meet one or more desired objectives. In addition, some options may contradict others, and so policy priorities and goals must be considered when advocating for any particular package of options.

To help in organizing the inventory, **each of the policy options was categorized in two ways.** The first is the authority required to implement a particular option; that is, whether an idea could be implemented through EPA regulatory action alone, whether it would require legislation, or whether—depending on implementation—it could fall into either group. The second category is the topical area (or areas) to which an option applies: production, consumption, mandate, implementation, or environment and agriculture.

- Production options aim to reduce the limitations on the production of biofuels;
- Consumption options target the reduction of limitations on the consumption of biofuels;
- Mandate options intend to modify the biofuel mandate volumes, reallocate or otherwise distribute volumes among the categories, and/or affect the mandate through changes to RIN equivalency values;
- Implementation options deal with the regulatory and process aspects of the RFS as specified and carried out by EPA; and
- Environment and agriculture options aim to improve the environmental and/or agricultural performance of biofuels throughout their lifecycles.

The breakdown of the options within these categories is illustrated below.



Read the full report and summary documents at <http://bipartisanpolicy.org/RFS>

Founded in 2007 by former Senate Majority Leaders Howard Baker, Tom Daschle, Bob Dole, and George Mitchell, the Bipartisan Policy Center (BPC) is a non-profit organization that drives principled solutions through rigorous analysis, reasoned negotiation, and respectful dialogue. With projects in multiple issue areas, BPC combines politically balanced policymaking with strong, proactive advocacy and outreach.