

COMMENTS ON HOUSE BILL 4141

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on behalf of Elders Climate Action, Oregon Chapter

POSITION: Support if amended to – 1) exclude other edible oils in addition to palm oil; and 2) apply to all fuels suitable for use in all diesel engines, not just motor vehicles.

NEED for bill: Reduce CO2 emissions from diesel engines during the transition to zero emission technologies.

CONCERN: As drafted the bill allows the **diversion of food crops from the human food supply** for the production of motor fuels.

The diversion of food crops is contributing to --

1) **food price inflation**, 2) potential **shortages** of ingredients used in processed food products, and 3) **food insecurity** for low income families.

SOLUTION: The bill should be amended to --

1) apply the exclusion in the bill for palm oil as a renewable diesel fuel to soy oil; and 2) establish a cost price trigger for excluding other edible oils.

ANALYSIS:

I formerly served on the U.S. Alternative Fuels Council created by Congress. I now am retired, but serve on ECA's national policy team. ECA's position on this bill is informed by my work on the Alternative Fuels Council.

Thirty years ago a primary concern of the Alternative Fuels Council was how the use of vegetation as a source of motor fuels might affect food supply and the cost of food. We recognized that in a market driven by the cost of fossil fuels food crops would likely be diverted from the human food supply if used to produce an alternative source of motor fuels. Diversion of food crops would adversely affect food supply and drive up food prices.

Food price inflation is now occurring at levels not seen during the past 30 years. This is occurring as the cost of motor fuels from crude oil has increased by 80% over the last 12 months, and the need to reduce GHG emissions becomes more urgent. These factors are driving up the demand for motor fuels produced from oils extracted from biomass, and will only increase in future years.

Food cost inflation is creating food insecurity for low income families in the U.S. and around the world. This is directly, although not exclusively, a consequence of the diversion of soy from the human food supply for the production of motor fuels. It is not being caused by reduced soy production, or related to climatic conditions.

The concerns raised by the Alternative Fuels Council are now being demonstrated by the rapid rise in the market price of soy. The bid for soy has been driven up in large part by the use of soy oil as the source for 40% to 60% of renewable diesel fuel in the U.S. Soy oil is also a primary ingredient in many food products including baked goods and prepared foods. The price of soy oil has risen 91% during 2020-21, according to testimony presented to EPA by the American Bakers Association.ⁱ Renewable diesel is also produced from oils derived from other vegetation sources, and need not be derived from edible oils.

The DEQ Clean Fuels Program that certifies the carbon intensity of alternative fuels does not evaluate the impact that demand for renewable fuels has on food costs. I specifically asked that question at the last DEQ rule advisory committee meeting for the Clean Fuels Program. DEQ staff acknowledged that they do not consider this impact on food prices.

HB 4141 would require that all fossil diesel fuel be replaced by renewable diesel by 2029 so long as the price of renewable diesel does not exceed the cost of fossil petroleum diesel. ECA supports this objective.

The bill excludes palm oil from use as a source of renewable diesel, partly because of its primary use as a food source. The bill should also exclude soy oil because this is a major ingredient in the human food supply that has already risen 91% in price during the last two years. Other edible oils (e.g., corn, flax, canola) should also be excluded if their price rises faster than CPI.

Our goal is to encourage the production of motor fuels from biomass rather than from carbon extracted from geological formations where it has been sequestered from the atmosphere for more than 200 million years. But renewable diesel should be produced from bio-mass and used oils that are not part of the human food supply.

In personal communications, proponents of the bill have responded by acknowledging that our concerns are justified. They acknowledged that sufficient volumes of renewable diesel can be produced from wood waste from logging and wood products, vegetation that lacks existing commercial uses, and other waste streams. *See Better Fuels Oregon (attached)* for examples.

Accordingly we urge that the bill be amended to exclude soy oil, and that a price trigger in the order of 1.2 times the Consumer Price Index be set to require that other edible oils (e.g., corn, canola, flax) be excluded to ensure that demand for such edible oils as motor fuels do not contribute to domestic and global food insecurity.

ⁱ **Relief Needed for Edible Oil Supply Crisis**

Today at the Environmental Protection Agency's (EPA) public hearing on the [Renewable Fuel Standards \(RFS\) for 2020, 2021, and 2022 Proposed Rule](#), wholesale bakers strongly urged the EPA to decrease the proposed advanced biofuel quotas in order to protect an already challenged food supply chain.

"The EPA's proposed increase in advanced biofuel required volume obligations (RVOs) could jeopardize the ability for our Members to meet the constant demand of providing millions of baked goods to grocery stores, restaurants, and federal feeding programs," said [Lee Sanders, Senior Vice President, Public Affairs and Government Relations, American Bakers Association \(ABA\)](#). "That's because soybean oil, a critical ingredient for bakers, has been increasingly diverted away from the food supply chain and towards the production of advanced biofuels, as federally directed by the EPA's RFS program."

"Non-food use for biodiesel and renewable diesel has expanded greatly with the potential to double in the next two years," said **Ed Cinco, Director of Purchasing at Schwebel's Baking Company**. "As a result, vegetable oil prices have tripled in the past 12 months and possibly faces rationing and shortages for 2022."

"It is to the point where food companies cannot get quotes for future deliveries unless you are a current customer and even then, vendors are only willing to go through Q2 of 2022 at an escalated price," Cinco added. "This means for some food companies, edible oil literally will not be available at any price due to diversion of edible oil from producing food."

Existing domestic refining capacity for soybeans cannot keep up with the demand from both food and fuel sectors despite record yields from America's hardworking farmers. In September and October of 2021, the U.S. became a net importer of soybean oil for the first time in more than a decade.

"More soybean oil refineries are coming online, expected in 2023 and later, to keep up with advanced biofuel volume requirements, but the food industry's need is now," emphasized Sanders. "EPA has the power to adjust their requirements and prevent even more chaos in our already, battered, food supply chain."

Prior to finalizing its RVOs for advanced biofuels, the baking industry highlighted two critical elements for the EPA to consider:

First, the Clean Air Act requires EPA to correct and update its Regulatory Impact Analysis to use accurate and current food and commodity economic data. The actual price for soybean oil for 2020/21 was 75% higher than the assumption used by EPA. The actual price of soybean oil for 2021/22 was 91% higher than EPA's assumption.

Second, EPA should use its statutory authority under the RFS program to decrease the proposed advanced biofuel quotas to avoid negatively impacting Americans' ability to find and afford food staples such as baked goods.

In addition to the verbal testimony, ABA will submit written comments to detail the baking industry's dire need for access to soybean oil, a ubiquitous, critical ingredient.

[Downloaded 2/4/22 from <https://americanbakers.org/news/bakers-urge-epa-decrease-proposed-advanced-biofuel-volumes-renewable-fuel-standard>.]



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U.S. EPA Public Hearing

Proposal – RFS Volume Standards for 2022 Docket ID No. EPA-HQ-OAR-2020-0686

Current Panel:

Panel 6

1	Brian Jennings	American Coalition for Ethanol
2	Richard Syverson	Minnesota Corn Growers Association
3	Tim Rudnicki	Minnesota Bio-Fuels Association, Inc.
4	Lance Lillibridge	Iowa Corn Growers Association
5	Ed Cinco	Schwebel's Baking Company
6	Lee Sanders	American Bakers Association
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