February 10, 2023

The Honorable Michael Regan, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Ave., NW
Washington, D.C. 20460

RE: Request for Comments on EPA's Renewable Fuel Standard (RFS) Program: Standards for 2023–2025 and Other Changes (Docket No. EPA-HQ-OAR-2021-0427)

Dear Administrator Regan:

On behalf of the members of the National Restaurant Association ("The Association"), we appreciate the opportunity to comment on the proposed multi-year fuel volumes contained in the Renewable Fuel Standard (RFS) program.

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry, which comprises nearly 1 million restaurant and foodservice outlets and a workforce of 14.5 million employees. Together with 52 state associations, the National Restaurant Association creates a network of professional organizations dedicated to serving every restaurant through advocacy, education, and food safety.

While we appreciate some aspects of the proposal such as the eRIN framework that allows projects to generate renewable electricity for electric vehicles and a new methodology to help increase food waste recycling, we are deeply concerned about the effect increased biofuel volumes will have on the food supply chain, restaurants, and consumers.

The establishment of the RFS in 2005 led to progressive increases in food costs causing harm to the entire food supply chain including restaurants and consumers. Shifting corn crops to renewable fuel production rather than food or feed, resulted in significantly higher corn prices and increased volatility in the market. As a result of the RFS, approximately 40 percent of annual corn production is now used to make biofuels.[1]

In the current proposal, we are greatly concerned that a similar situation will occur with edible oils. The RFS, along with state level low carbon fuel standards, have dramatically increased demand for renewable biofuels. We are concerned that the Agency's proposed multi-year fuel volumes could intensify that demand and impact both the availability and price of vegetable oils for the food industry.

[1] USDA, Economic Research Service, link

Take soybean oil for example, which is used in everything from salad dressings, cooking oils, and mayonnaise to baked goods and frozen foods. In recent years, the domestic demand for soybean oil for fuel production has skyrocketed due to the demand for both biodiesel and renewable diesel.

In 2021-2022, approximately 40 percent of soybean oil produced in the U.S. was used for the production of biofuels.[2] This increase in demand due to polices like the RFS has also led to historically large price increases, with average soybean oil prices more than doubling from 20-30 cents a pound to 68 cents a pound in 2022.[3] Yet, the Agency's current proposal would raise the levels again in 2023 - 2025 and continue to place a burden on the price and availability of vegetable oils.

Additionally, projections show that renewable diesel production capacity will continue to grow, pointing to greater use of soybean oil in future biofuel production. According to the International Energy Agency, the use of vegetable oil for biofuel production is expected to increase 46% in the coming years.[4] This type of increase will continue to increase soybean oil prices and lead to negative impacts on the food supply chain. Furthermore, increasing the demand for soybeans through the RFS will invariably cause issues with the available acreage for other crops, including those used for food, leading to further price impacts.

However, our concerns do not end with soybean oil. Vegetable oils are interchangeable substitutes for each other in food production and restaurant use. This means that the price, availability, and volatility of all vegetable oils are in jeopardy with increased renewable fuels targets. For our members, that means a massive price impact, as oils and fats are a direct, large ingredient in many products.

Furthermore, in the Agency's Regulatory Impact Analysis, it estimates the total change in food expenditures to be approximately 5.5 billion for 2023, 2024, and 20205 respectively. However, the estimated change is overwhelmingly due to changes in soybean oil prices – more than 80 percent of the total food expenditure impact. This is concerning as other vegetable oil prices often mirror soybean oil prices. The result would be increased prices in all edible oils, leading to a much larger food expenditure impact. Therefore, we encourage the Agency to consider other edible oils and oilseeds, not only soy, to calculate the total food expenditure impact.

Our nation's restaurants are already facing an unprecedented series of inflationary pressures and supply chain challenges, including logistics snarls, a weakened economy, and a slow pandemic recovery. Additionally, we've seen the price of vegetables oils and fats skyrocket

[2] USDA, Economic Research Service, link here.

[3] https://www.macrotrends.net/2538/soybean-oil-prices-historical-chart-data

[4] International Energy Agency, link

in recent years. These challenges are only worsened by the diversion of farmland for corn and soybeans for biofuels.

As an industry that feeds millions of customers daily, restaurants are uniquely vulnerable to fluctuations in food prices. For many of our members, even slight increases in prices can have an impact on the business and customers. Continuing to exacerbate increased prices will mean restaurants will have no choice but to pass those increases on to customers. Therefore, we simply cannot continue to absorb the additional costs brought on by competition between food and fuel.

In the midst of a crisis in global food markets and inflationary pressure, the Agency has an important opportunity to reduce the impact the RFS has on our food supply system and provide much needed relief to food manufacturers, small businesses, and consumers.

Unfortunately, this proposal continues to divert food crops and make the food and biofuel industries compete. Continuing to increase the volumes for renewable fuels, specifically the non-cellulosic advanced biofuel volumes, puts additional pressure on the vegetable oil markets, thereby adversely impacting the food supply chain, restaurants, and consumers.

Therefore, we ask EPA to adjust the biofuel volumes to ensure the final rule does not further disrupt our nation's food system.

We appreciate your consideration of these comments.

Sincerely,

Laura Abshire
Director of Food and Sustainability Policy
National Restaurant Association