



National Biodiesel Board
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February 23, 2015

Beth Patrino
Committee Administrator
House Committee on Energy and Environment
900 Court Street NE
Salem, OR 97301

Dear Ms. Patrino:

I am writing in support of SB 324, a bill to repeal the sunset on provisions related to low carbon fuel standards.

By way of background, the National Biodiesel Board (NBB) serves as the trade association for the U.S. biodiesel and renewable diesel industries. The NBB represents more than 90 percent of domestic biodiesel and renewable diesel production. In addition to governmental affairs activities, the association coordinates the industry's research and development efforts.

Our primary purpose in writing today is to shed light on an issue raised during a recent Senate hearing. During that proceeding, some attendees expressed concern that increased use of biodiesel under a Clean Fuels Policy (CFP) might void vehicle warranties. This is not the case.

Per the "Magnuson-Moss Warranty Act of 1975," engine manufacturers do not warranty vehicles for problems related to fuel. Federal law outlines warranty responsibilities in detail. Therefore, if problems result from on-spec petroleum diesel (ULSD), off-spec petroleum diesel (ULSD), biodiesel, renewable diesel, or ethanol, no warranty support would be provided. For more information on this issue, please see the attached letter from the Oregon Auto Dealers Association.

The fact of the matter is that biodiesel enjoys broad acceptance from automakers. All manufacturers selling vehicles in the U.S. recommend use of biodiesel blends up to 5 percent (B5), while 79% recommend use of biodiesel blends up to 20 percent (B20). At this point, the main holdouts for B20 support are Daimler/Mercedes and Volkswagen. A full list of warranty statements can be found on the NBB website.

The other issue I wish to address, about which there has been some confusion, is whether or not biodiesel uses products for "feedstock" that would otherwise be used for food. Typically this concern is raised with respect to soybean oil (though canola is similar), which is consumed by humans principally in the form of baked goods, salad dressing, and mayonnaise.

The truth of the matter is actually quite simple. Soybeans are grown for their protein rich “meal,” which is used to feed livestock. The oil portion, which comprises less than 20 percent of the bean, has historically been a challenge to find uses for. French fries and cupcakes simply do not require nearly as much vegetable oil as farmers produce in this country. The excess oil, which is sold at a discount to “food grade” oil, is used for biodiesel.

Aside from these basic economic considerations, the biodiesel industry regularly engages in a process with the U.S. Environmental Protection Agency to quantify the amount of excess domestically-derived oil available for conversion into fuel, taking into account worldwide demand. This comprehensive assessment guides the development of each year’s Renewable Fuel Standard (RFS2) requirements to ensure that biodiesel does not pull feedstock from existing uses—here or anywhere else in the world.

I hope you find our brief comments helpful. If I can be of further assistance, please feel free to call or write at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Shelby Neal". The signature is fluid and cursive, with the first name "Shelby" being more prominent and the last name "Neal" following in a similar style.

Shelby Neal
Director of State Governmental Affairs