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VIA ELECTRONIC SUBMISSION

March 22, 2013

Environmental Protection Agency
Air and Radiation Docket and Information Center
Environmental Protection Agency
Mailcode: 2822T
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

RE: Regulation of Fuels and Fuel Additives: Renewable Fuel Standards:
Docket ID No. EPA-HQ-OAR-2012-0546

The American Cleaning Institute® (ACI) represents the \$30 billion U.S. cleaning products market and includes the formulators of soaps, detergents, and general cleaning products used in household, commercial, industrial and institutional settings; companies that supply ingredients and finished packaging for these products; and oleochemical producers.

We appreciate the opportunity to provide comments on the 2013 Renewable Fuel Standards; proposed rule. The proposal will continue have a serious and significant impact on ACI member companies' ability to source animal fats for use as an oleochemical feedstock. We respectfully request that the Environmental Protection Agency (EPA) use its discretionary authority to lower the volume requirement, or, alternatively, to exclude animal fats as a feedstock option. The proposed volumes would continue to divert large quantities of a finite inelastic supply of animal fats to the biofuels market, thereby critically disadvantaging the domestic oleochemical industry.

The latitude to reduce these volumes is provided by statute, which indicates EPA's ability to reduce the applicable volume of advanced biofuel and total renewable fuel specified in the statute for 2013 if it is determined that the projected volume of cellulosic biofuel production for 2013 falls short of the statutory volume of 1.0 billion gallons.

The supply of animal fats is inelastic.

Animal fats are a co-product of livestock slaughter, not a demand driver. Consequently, there is no reasonable prospect that production will increase significantly, farmers and ranchers do not raise or slaughter animals for their fats. Historically, animal fats have provided domestic oleochemical producers a competitive raw material cost advantage over foreign-sourced palm and have had a robust market supplying the broader oleochemical industry. The minor year-to-

year percent change in Rendered Products, as shown in Table 1, demonstrates the need for EPA to use its statutory power and discretion and reduce the 2013 volumes of renewable fuels that use animal fats as a feedstock.

Table 1.

U.S. Production of Rendered Products (000 Metric Tons)	2006	2007	2008	2009	2010	2011
Inedible tallow and greases (total):	2963.8	3006.5	2880.8	2821.5	2668.1	2697.4
Inedible tallow	1737.8	1727.5	1610.7	1531.1	1511.2	1486.8
Greases	1226.0	1279.0	1270.1	1290.3	1156.9	1210.6
Yellow grease	671.4	700.0	769.1	740.3	569.2	606.5
Other grease	554.6	579.0	501.1	550.0	588.3	604.2
Edible tallow	844.3	811.4	813.7	833.4	827.6	886.7
Lard	143.8	211.2	222.6	157.0	130.4	102.5
Poultry fat	583.0	624.8	659.3	625.4	638.3	640.7
Subtotal	4534.9	4653.9	4576.4	4437.3	4264.5	4327.3
Year to Year Difference	N/A	119.00	-77.50	-139.10	-172.80	62.8
Percent of Supply Change	N/A	2.56	-1.69	-3.13	-4.05	1.45

Source: Render Magazine, April 2012

Discretion must be applied

Government policies have driven the price of tallow above that of palm oil and as a result, the domestic oleochemical industry stands to be driven offshore to Southeast Asia to be near any new raw material source, i.e. palm oil. While it is somewhat difficult to tease out industry specific numbers from the Standard Industry Codes (SIC) or Dunn and Bradstreet, our best estimate is that the oleochemical industry currently directly supports 20,000 breadwinner jobs in the United States.

Long term usage and reliance on animal fats to produce biofuels is not viable. There simply is not enough production volume to meet the growing demand for biodiesel and there is little likelihood that the supply of animal fats will increase. Eventually biodiesel producers will have to use feedstocks other than animal fats. This inevitability should cause EPA to exclude their usage in 2013 and beyond to drive the use of more sustainable feedstock supplies. This would go a long way toward protecting the continued viability of the U.S.-based oleochemical industry. Without a consistent and adequate supply of animal fats as a feedstock for the production of oleochemicals, the industry will need to turn to other non-US sourced feedstocks, which over time could result in the US losing this industry.

EPA must use its discretionary authority to ensure adequate supply of these feedstocks for all industries, not just biofuels. EPA should limit the percentage of animal fat supply that can be

used in the production of biofuels or eliminate animal fats as a feedstock option. It is unfair to place such a heavy burden on a source that is as inelastic as animal fats. By doing so, EPA is deciding which industry wins and which one loses. The domestic oleochemical industry has provided decades of economic strength and security. Consequently, we urge the EPA to maximize the use its discretion to limit, rather than expand the use of animal fats under the RFS2. The future of a longstanding domestic industry is at stake.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jacob Cassady', is positioned above the typed name and contact information.

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Appendix A

Representative Oleochemical Uses

Daily toiletry care

Soap (liquid/bar)
Toothpaste
Shaving Cream
Moisturizing body Cream
Mouthwash
Cosmetic creams
Shampoo
Hair conditioner
Make-up
Body washes
Hand lotions
Nail Care products

Clothing Care

Detergents
Fabric softener
Stain removers

Cleaning/homes/buildings

Hard surface cleaners &
sanitizers
Dish detergent (hand/machine)
Glass cleaner
Candles
Air fresheners

Other Uses:

Tires
Various rubber products
Pharmaceuticals
Building materials - foams
Lubricants
Mattresses
Automobiles - car dashboards
Inks
Paints
Textile fiber finishing
Fragrances (carriers)
Adhesives
Resins
Plastics
Water treatment materials
Paper Processing
Hydraulic Fluids
Corrosion inhibitors
Dairies - food processing
Agriculture-dispersing agent