



FOR IMMEDIATE RELEASE:

East Kansas Agri-Energy, LLC Hosts EPA Administrator Scott Pruitt for Roundtable

Garnett, Kansas – June 12, 2018 – East Kansas Agri-Energy, LLC today hosted EPA Administrator Scott Pruitt for a round table discussion with a diverse group of Kansas agricultural interests and organizations. This venue gave all parties a much-needed opportunity to discuss major market and economic challenges confronting the ethanol industry, many of which are negatively impacting Kansas’ corn growers and ethanol producers like East Kansas Agri-Energy.

Led by East Kansas Agri-Energy President and CEO Bill Pracht, the gathering of farmers, association representatives, and local and state politicians engaged Administrator Pruitt in a lengthy, frank, and sometimes pointed dialog about topics of immediate concern to these vital, agricultural interests.

Mr. Pruitt opened the discussion by stating his belief that the primary role of regulatory agencies like EPA is to provide regularity and stability to producers and markets being regulated.

Bill Pracht countered by pointing out the tremendous uncertainty that has recently destroyed the price of RINs - Renewable Identification Numbers - attached to each gallon of ethanol produced.

“RIN prices have decreased over 50% since the beginning of EPA’s discussions regarding adding RINs to export gallons, capping RINs, and also the increase in small refiner’s waivers,” Pracht said.

“In fact, the RIN market is currently so depressed and volatile, that East Kansas Agri-Energy will be shutting down our brand new, state-of-the-art renewable diesel plant on June 18,” Pracht announced during the meeting. Pracht indicated the Garnett plant will remain idle until the renewable diesel RIN market regains some measure of stability.

Pracht and others also sought answers from Pruitt regarding a dramatic increase in so-called “small” merchant refiners seeking RIN waivers due to economic hardship since the Trump Administration took office.

Pruitt explained that the increase in economic hardship waivers arises from the way this administration interprets and applies the standard for economic hardship. “Under the Obama administration, the threshold for obtaining a RIN waiver was bankruptcy of the applicant,” Pruitt said. Pruitt explained that the bankruptcy threshold is not the actual regulatory threshold, and

that RIN waiver applications must be objectively reviewed by both EPA and the Department of Energy for approval.

Pracht demanded greater clarity and transparency from EPA regarding the statutory parameters for claims of economic hardship by RIN waiver applicants. And, Pracht specifically encouraged EPA to take a tougher line on big oil companies manipulating output levels to qualify certain refineries as small, and then leveraging some of these smaller, subsidiary operations to plead economic hardship and evade their renewable fuel obligations.

While the Trump Administration's EPA, led by Pruitt, recently proposed extending RINs to ethanol for export, Pracht and the Garnett audience strongly oppose this move.

"Attaching RINs to export gallons of ethanol will flood the market with nearly 2 billion additional RINs each year, which will further destroy the value of domestic RINs," Pracht said.

"The addition of export RINs to the marketplace would serve as a strong disincentive to domestic refiners and merchandiser blenders to actually blend ethanol," Pracht added, "resulting in extreme economic hardship for Kansas corn growers, destruction of the ethanol industry, higher fuel costs, and reduced air quality for millions of Americans."

Administrator Pruitt did commit to the audience at East Kansas Agri-Energy that EPA could reallocate RINs from merchant refiners operations receiving an economic hardship waiver. Reallocation could help bring some stability back to the RIN marketplace, and may help stabilize RIN prices.

Ethanol and corn also received some encouragement from Pruitt regarding the possibility of EPA issuing a Reid Vapor Pressure (RVP) waiver for E15. A nationwide RVP waiver would permit the year 'round sale of E15. This move could help lower the cost of fuel at the pump for consumers, improve efficiency for refiners, and help stabilize domestic ethanol production and the related RIN marketplace.

Pruitt pledged that EPA is working hard behind the scenes to perform the legal work necessary to hopefully move ahead with a nationwide RVP waiver.

"That today's meeting with Administrator Pruitt far exceeded the scheduled time limit for the gathering speaks to the urgency of the uncertain conditions confronting East Kansas Agri-Energy and Kansas corn growers" Pracht summarized. "This venue provided all of us a critical opportunity to explain exactly how EPA's real and proposed actions directly impact East Kansas Agri-Energy and Kansas corn. We thank Mr. Pruitt for listening."

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