



WASHINGTON



CALIFORNIA

November 7, 2014

The Honorable Gina McCarthy  
Administrator  
U.S. Environmental Protection Agency  
1200 Pennsylvania Avenue NW  
Washington, DC 20460

The Honorable Shaun Donovan  
Director, White House Office of  
Management and Budget  
725 17<sup>th</sup> Street NW  
Washington, DC 20503

Dear Administrator McCarthy and Director Donovan:

We write to strongly urge you to adopt a final federal Renewable Fuel Standard 2 (RFS2) 2014 rule that will assist the continued growth of domestic low carbon renewable fuels. This program, which was enacted with bipartisan support in 2007, is designed to develop and grow a domestic market and industry for cleaner, sustainable fuels, and is an important component in helping reduce carbon pollution and increase American energy security – goals that our administrations share with the Obama Administration.

Specifically, we urge you to set strong required volumetric obligation (RVO) levels in the final RFS2 2014 rule for biomass-based diesel and advanced and cellulosic biofuels, and to refrain from adopting new methodologies that would curb investment in low carbon renewable fuels. Moreover, we recommend that the standard provide that required volumes increase steadily, not just for 2014, but through 2022 and beyond, as envisioned in the Energy Independence and Security Act of 2007.

Under the RFS2, federal agencies are charged with pushing demand for renewable fuels, and are required to set aggressive targets, unless supply is insufficient. Today we have abundant capacity for biodiesel production, for example, as well as available feedstocks for advanced biofuels, as shown by 2013 and 2014 federal production data. In setting the 2014 and subsequent years' RVOs, the EPA and OMB should aim to create a foundation that will support continued investments and stable growth in advanced renewable fuels. The final 2014 RVOs should send a clear signal to capital markets about the federal government's policy commitment to these fuels.

The growing domestic advanced biofuels industries provide us with important opportunities to power our automobiles and airplanes with cleaner, more sustainable and secure fuels, and to create new economic opportunities, including for many rural and farmland communities. In Washington, farmers are developing new feedstock supply chains and a new crushing facility has opened in Eastern Washington to provide seed oil for biofuels production. In California, biofuel production is increasing and companies are researching new algae and other feedstocks for very low carbon fuels. But these types of opportunities will only be realized if we provide producers with the right policy framework.

Administrator McCarthy and Director Donovan

November 7, 2014

Page 2

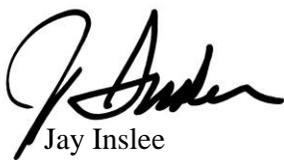
An uncertain federal biofuels policy framework could also adversely impact state initiatives to develop low carbon fuels. For example, the *Pacific Coast Action Plan on Climate and Energy* that California, Oregon, Washington and British Columbia announced in October 2013 is designed to promote and harmonize climate and clean energy action and related economic development in our region. Through this agreement, our jurisdictions will “work together to build an integrated West Coast market for low-carbon fuels that keeps energy dollars in the region, creates economic development opportunities for regional fuel production, and ensures predictability and consistency in the market.” These efforts will be most effective if complemented by strong and consistent federal policy support for advanced biofuels.

The RFS was designed with a 15-year timeframe in recognition that investments in advanced biofuels would take several years to bear fruit. The first five years of the policy have seen considerable progress. But the significant volume reductions in EPA’s 2014 proposal damaged the policy stability that is essential to the success of the RFS, and we are concerned that the same action could be taken in coming years. To restore the stability and certainty that these industries need, the administration should begin planning an updated schedule for outlying years that provides an aggressive but realistic timeline for the commercial scaleup of advanced, low carbon biofuels. Only a stable long term policy outlook will support the investments required to realize the goals of the program.

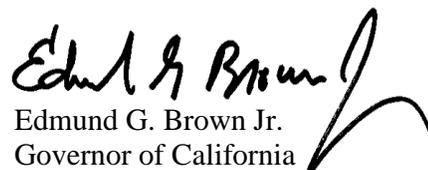
We appreciate the Obama Administration’s efforts to deal with climate change and promote American clean energy. As a part of this effort, we urge the OMB and EPA to approve a final RFS2 2014 rule containing RVOs that support continued growth in American low carbon renewable fuels industries, and that maintains the methodological integrity of the program.

Thank you for your consideration of our request. We look forward to continuing our work with you and the federal administration to advance policies that will promote an American clean energy future.

Sincerely,



Jay Inslee  
Governor of Washington



Edmund G. Brown Jr.  
Governor of California

cc: The Honorable Dennis McDonough, White House Chief of Staff  
The Honorable John Podesta, Counselor to the President  
The Honorable Tom Vilsack, Secretary, U.S. Department of Agriculture  
The Honorable Howard Shelanski, Administrator, Office of Information and Regulatory Affairs