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EPA Proposes New Rule on Biofuels

[Travis Ritchie](#)

The U.S. Environmental Protection Agency ("EPA") proposed on May 5, 2009, a new rule aimed at increasing the supply of renewable fuels, as mandated by the Energy Independence and Security Act of 2007.

The EPA's proposed strategy would create four categories of biofuels:

- Cellulosic biofuels
- Biomass-based diesel
- Advanced biofuels
- Total renewable fuel

The EPA hopes that increasing the use of biofuels in the nation's transportation fuel supply will reduce dependency on foreign oil supplies by reducing demand for more than 297 million barrels of oil a year by 2022. The proposed rule also seeks to reduce greenhouse gas emissions by requiring greater use of lower-emitting biofuels. To achieve the volume requirements, each year the EPA calculates a percentage-based standard that refiners, importers and blenders of gasoline and diesel must ensure is used in transportation fuel. Under the proposed rule, some renewable fuels must achieve greenhouse gas emission reductions compared to the gasoline and diesel fuels they displace. Refiners must meet the requirements to receive credit toward meeting the new standards.

The thresholds for new categories would be 20 percent less greenhouse gas emissions for renewable fuels produced from new facilities, 50 percent less for biomass-based diesel and advanced biofuels, and 60 percent less for cellulosic biofuels.

NEWSLETTER EDITORS

[Craig A. Moyer](#)

Partner
cmoyer@manatt.com
310.312.4353

[Chris LeGras](#)

Associate
clegras@manatt.com
650.251.1425

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In a move that parallels the recent California Air Resources Board ("CARB") decision regarding its low-carbon fuel standard, the EPA proposal considers the indirect land use effects related to the production of farm-based ethanol. Indirect land use effects refers to the displaced production of corn and other farm-grown food supplies in the United States. The calculation assumes that by diverting corn and other food products to the production of ethanol, the global price of food rises, which in turn prompts the destruction and burning of forests for new food production outside the United States. The ethanol industry has strongly criticized this method of calculating greenhouse gas emissions, arguing that it unfairly increases the calculation of such emissions for ethanol.

The EPA will take public comments on the proposed rule for 60 days following publication in the *Federal Register*. EPA also will hold a public hearing on the proposal on June 9 at 10 a.m., at the Dupont Hotel in Washington, D.C. Comments may be submitted at the federal electronic rulemaking portal, at <http://www.epa.gov>.

[EPA Lays out a Plan for the Nation's Increase in Renewable fuels](#)

[EPA Proposes Changes To Biofuel Regulations](#)

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FOR ADDITIONAL INFORMATION ON THIS ISSUE, CONTACT:



Travis Ritchie Mr. Ritchie is an Associate in the firm's Land Use, Environment & Energy Practice Group. His practice focuses on environmental issues including water law and administrative law.