

Presidents Note:

Readers, this document appeared in Lundberg Letter (August 18, 2017: Bullish on the Brand and Demand - 76'S NEW WEST COAST FLAG-BEARER: UNITED PACIFIC).

An EPA public hearing on the future of RFS (national ethanol mandate) was held on August 1, 2017. The following testimony was given by **Mr. Matt Bjornson on behalf of the North Dakota Petroleum Marketers Association:**

Thank you for the opportunity to submit comments today on behalf of the North Dakota Petroleum Marketers Association. The North Dakota Petroleum Marketers Association (NDPMA) represents over 240 independent companies and co-operatives. For the record, my name is Matt Bjornson, I am a third-generation partner in a North Dakota based family owned petroleum business as well as a former Chairman of NDPMA. Our business has been a long-time retailer of ethanol blends. Our commitment to the sale of higher blends has included significant investments of more than one hundred thousand dollars to legally store and dispense blends over E10 at one of our stores. Many of my closest friends are farmers, and I fully appreciate the importance of agriculture to our nation. To point out the facts of infrastructure compatibility issues is not being anti-ethanol. To the contrary, we must ensure that ethanol continues to be sold in a safe and legal manner for it to have a promising future

It's important to note that over 95 percent of retail outlets are owned by independent companies, many of them small businesses, not by the obligated parties. For adequate supply in the marketplace to exist, it requires retail outlets that can legally dispense the fuels desired. It's important to note that a retail location built new today will not be compatible to dispense higher blends unless it is specifically built to be compatible. The current Chairman of the Board of the North Dakota Petroleum Marketers is a manager for a farmer-owned cooperative. They recently built a new travel plaza and asked for two bids on fuels infrastructure, one legal for everything up to E10 and one legal for everything up to E85. They invested in the fully legal for higher blends infrastructure to the tune of an additional \$178,260. They are averaging a total of 155 gallons per day of blends over E10, representing 1.4% of total gallons sold each day. As I previously mentioned, our family business also has invested in legal infrastructure for higher blends.

At that location, where we spent over \$100,000 to do so, we averaged 44 gallons per day of blends over E10 in 2016. Ironically, at that same location in Fargo, ND, 37 percent of total gallons sold were E0 in 2016. Consumers are paying over 30 cents a gallon more for ethanol free gasoline.

Recently, Growth Energy has been advocating protecting consumer choice. I could not agree more. The need for some E0 in the marketplace is clear. Just as certain as some consumers demand E10 and a few E10+, other consumers demand E0. We are in the business to sell consumers what they demand. Any consumer demand must be met in a way that is legal, safe, and without undue threat to the environment. I have observed competitors who claim to have fully compatible underground infrastructure for higher blends that blatantly use dispenser hanging hardware such as hoses that are not UL listed for anything above E10, a practice that I know is unsafe. I have observed companies in the Minneapolis market that use names for E15 on their price signs such as "Unleaded 88", "e Blend" or "Unleaded Plus". While we support ethanol in the marketplace, our association and I are not going to condone practices which are deceptive, illegal, or place the environment and consumers at risk

The RFS is currently flawed because it relies on that total gasoline demand be predicted far into the future, something not even Carnac the Great on the Tonight Show could have done. Just last Friday, I

had lunch with a friend of mine who just sold some corn for \$3.04 a bushel. Ethanol use has never been higher, yet corn prices remain stagnant.

If the end goal here is to be so reckless that more and more ethanol must be sold no matter the legality or the risk to the environment or the consumer, then EPA should do nothing to address this problem.

In conclusion, we commend the EPA for exercising its waiver authority in the past and it needs to do so again. We also commend the majority of retailers who have made the investments needed to legally sell higher blends. EPA can't fix this mess, but it can improve the RFS program right now by reducing the amount of corn ethanol to 9.7 percent of projected gasoline demand. Hopefully our elected officials will come up with a workable plan that gives our ethanol industry certainty, improves the prices our farmers get for their production, and does so without reckless disregard for the environment and the consuming public. Thank you for giving me the opportunity to testify.