



COMMONWEALTH of VIRGINIA

Office of the Governor

Robert F. McDonnell
Governor

August 27, 2012

The Honorable Lisa P. Jackson
Administrator, U.S. Environmental Protection Agency
Room 300, Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

RE: Petition for Waiver Under CAA Section 211(o)(7)(A)

Dear Administrator Jackson:

On behalf of the Commonwealth of Virginia, I respectfully request that the applicable volume of renewable fuel be waived for 2012 and 2013 pursuant to section 211(o)(7) of the Clean Air Act (CAA) (42 U.S.C. § 7545(o)(7)). The imposition of a 15.2 billion gallon renewable fuel standard (RFS) in 2012¹, coupled with the prospect of a greater than 16.5 billion gallon standard in 2013², causes economic harm to the Commonwealth's livestock and poultry producing regions. This damage affects not only the economic interests of consumers and the livestock and poultry producers within Virginia, but also the many other industries that provide support services to these important sectors and benefit from the economic growth and development that our livestock and poultry industries provide. These industries are, by far, the largest sectors of Virginia's diverse agricultural economy.

Although the severe drought that our nation has experienced is an underlying factor in current economic conditions, the direct harm is caused by the RFS requirement to utilize ever-increasing amounts of corn and soybeans for transportation fuel, severely increasing the costs of producing food and further depleting already severely stressed grain supplies. Additional negative impacts in other sectors of the economy may become apparent as the drought continues and the effects of the short grain crop further materialize.

Our nation is undergoing a severe, prolonged drought that is causing widespread damage to many of the most productive agricultural regions of our country. More than half of all U.S. counties have been designated disaster zones by the United States Department of Agriculture

¹ See Regulation of Fuels and Fuel Additives: 2012 Renewable Fuel Standards, 76 Fed. Reg. 38,844, 38,848 (July 1, 2011).

² See CAA section 211(o)(2)(B)(i).

(USDA) in 2012, mainly due to drought.³ USDA now considers the drought the most severe and extensive in 25 years.⁴ Other reports have classified the drought as the worst in a half century.

Agriculture is Virginia's largest industry by far, generating more than \$55 billion per annum and more than 357,000 jobs. Virginia's livestock and poultry industries are the largest sectors of the state's agricultural economy. The farm market value of all livestock and poultry sold in Virginia exceeds \$1.7 billion annually and represents more than 70 percent of all agricultural farm market value for the Commonwealth. Virginia is heavily dependent on corn and other feed produced elsewhere to support its poultry, dairy, swine, and cattle industries. Conditions that affect the price of feed nationally affect the price of feed in our state. Feed costs are the largest expense for livestock and poultry operations. In the last six weeks, the price of corn increased by 50 percent to more than \$8.00 per bushel, while soybean prices increased 35 percent. Poultry and livestock growers operate on tight margins and I am concerned that many will be unable to withstand the rapid feed cost increases and price volatility.

Weather conditions that are causing the current drought are expected to continue. Whatever the final extent of damage done by a severe lack of rainfall, it is clear that this harm is reflected in accelerating prices for corn and soybeans which are having a severe economic impact on the Commonwealth of Virginia, various regions within the state, and important economic sectors in the state. The harm caused by this year's weather conditions meets the requirements set forth within CAA section 211(o)(7). In addition to the comments set forth in this letter, I am aware of similar waiver petitions recently submitted by other Governors and numerous livestock associations. I support and incorporate information and data accompanying those waiver petitions.

Altogether, economic harm is being experienced by Virginia's livestock and poultry production regions and important economic sectors in the state as a direct result of the implementation of the applicable volume requirements of the RFS. This harm could be alleviated by a full waiver of the RFS in 2012 and 2013. Granting a full waiver now would allow for the waiver to extend into the 2012 harvest season and a large part of the 2013 growing season.

I therefore respectfully request that you consider a full waiver of the RFS or granting any waiver under CAA section 211(o)(7) so as to have maximum impact on the price of feed grain in 2012 and 2013.

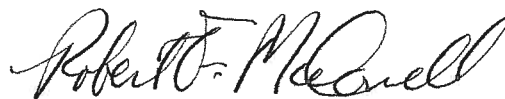
Thank you in advance for your consideration and prompt action on this petition.

³ *Agriculture Secretary Vilsack Announces New Drought Assistance, Designates an Additional 218 Counties as Primary Natural Disaster Areas*, United States Department of Agriculture News Release No. 0260.12, August 1, 2012.

⁴ *Historic drought puts over half of U.S. counties in disaster zones, USDA says*, CNN U.S., August 1, 2012, quoting USDA economist Timothy Park.

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Sincerely,

A handwritten signature in black ink, reading "Robert F. McDonnell". The signature is written in a cursive style with a large, prominent "R" and "M".

Robert F. McDonnell

cc: Virginia Congressional Delegation
The Honorable Thomas J. Vilsack, United States Secretary of Agriculture
The Honorable Steven Chu, United States Secretary of Energy
The Honorable Todd P. Haymore, Virginia Secretary of Agriculture & Forestry
The Honorable Doug Domenech, Virginia Secretary of Natural Resources