



August 9, 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

Dear Administrator Jackson:

We are writing in support of the July 30, 2012 “Petition for Waiver or Partial Waiver of Applicable Volume of Renewable Fuel” by the National Chicken Council and others that formally asked you to use your discretionary authority to waive the volumetric requirements, in whole or in part, of the Renewable Fuel Standards (“RFS”) pursuant to Section 211(o)(7) of the Federal Clean Air Act, as amended by the Energy Independence and Security Act. This provision allows you, in consultation with the Secretary of Energy and the Secretary of Agriculture, to waive the RFS standards for up to one year if implementation of the RFS requirements would severely harm the economy or environment of a State, a region, or the United States. The severe drought that has gripped a large swath of this country has led to an undersupply of corn and a corresponding spike of corn prices. If the RFS standards are not waived, the consequences to Delaware and Maryland’s economy would be severe, including the loss of thousands of jobs.

The historic and prolonged drought that has gripped this nation has also greatly impacted the Delmarva region. It is expected that our farmers will experience at least a 40% yield reduction in this year's corn crop alone, which does not account for the fact that this is the third consecutive year in a row that corn yields in our region will be significantly below estimates. Therefore, the region has had to supplement its additional corn needs from the eastern corn belt, primarily Indiana, Ohio and Michigan, which have also suffered through months of a prolonged drought.

Nationwide, the USDA’s July projection for the US corn crop has already been reduced from 166 bushels per acre to 146 bushels per acre, the largest downward revision in over a quarter of a century, and the USDA’s total corn supply projection estimate shrank from 14.79

billion bushels to 12.97 billion, a drop of 12.3%. It is very likely that the USDA's August projection will further reduce the expected corn yields to 135 bushels per acre or even lower. As a result, the price of corn in the commodities markets has spiked to the highest level ever. It is conceivable, if not likely, that the combination of historic low yields due to the prolonged hot weather and drought, coupled with the spike in prices will cause Delaware and Maryland poultry companies to end up paying more than \$9.50 per bushel in late fall and winter to meet their corn needs. That translates into hundreds of millions of dollars in added costs for Delmarva's poultry producers. Those additional costs will either be passed on to consumers, or poultry farms will be forced out of business, or some combination of the two. Under any scenario, the resulting impact on the Delmarva economy would be severe.

In 2012, more than 40% of the U.S. annual corn supply was to be used to meet the RFS corn based ethanol requirements established annually by the EPA. If you were to exercise your statutory authority to waive the RFS standards for the next year, it would make more than 5 billion bushels of corn available to the marketplace for animal feed and foodstuffs, driving down costs and significantly lessening the financial impact to Delmarva's poultry farms and consumers. While there may be some who question the true price impact of waiving the RFS standards for a limited period, those debates are quantitative, not qualitative, as it is not in dispute that a waiver would put downward pressure on corn pricing. Given the likely impacts to the poultry industry, not to mention the increased cost of food for consumers, of this dramatic increase in price due to the undersupply of corn, it is hard to imagine any scenario when exercising your authority would be more appropriate. Conversely, as the waiver request is limited in scope, any resulting impact on the biofuels industry would be minimal.

In these challenging economic times, we urge you to exercise your authority, before it is too late, to save thousands of jobs in Maryland and Delaware. Thank you for your consideration.

Sincerely,



Governor Jack A. Markell
State of Delaware



Governor Martin O'Malley
State of Maryland

cc: The Honorable Tom Vilsack, U.S. Department of Agriculture
The Honorable Steven Chu, U.S. Department of Energy
The Honorable Nancy Helen Sutley, Council on Environmental Quality