



November 2, 2011

The Honorable Andy Harris
Chairman, House Science Subcommittee on Energy and Environment
United States House of Representatives
Washington, DC 20515

The Honorable Brad Miller
Ranking Member, House Science Subcommittee on Energy and Environment
United States House of Representatives
Washington, DC 20515

Dear Chairman Harris and Ranking Member Miller:

On behalf of the members of the American Coalition for Ethanol (ACE), I am writing in strong support of the Renewable Fuels Standard (RFS) and to express disappointment that today's subcommittee hearing on the "conflicts and unintended consequences of motor fuel standards" appears orchestrated to unfairly cast the RFS in the worst possible light.

The RFS ensures the use of at least 15 billion gallons of conventional biofuel and 21 billion gallons of advanced biofuel by 2022. It provides secure market conditions in which U.S. farmers and entrepreneurs can make investments in new and sustainable biofuel technologies.

The purpose for enactment of the original RFS in 2005, and chief reason President Bush and a bipartisan Congress overwhelmingly supported expanding it in 2007, was to reduce our nation's expensive and dangerous reliance on foreign oil. While ACE members recognize that certain groups testifying before the subcommittee today resist the RFS because it threatens their profitable status-quo, data on oil imports prove the RFS has succeeded in fulfilling its energy security intent.

According to a May 2011 report from the U.S. Energy Information Administration (EIA), "U.S. dependence on imported oil has dramatically declined since peaking in 2005." The EIA adds "by the broadest measure, U.S. dependence on imported oil fell from 60.3 percent in 2005 to 49.3 percent in 2010." EIA's report notes that "increases in biofuels production played an important role in moderating import dependence. U.S. ethanol net inputs (production) grew from 230,000 barrels per day in 2005 to 779,000 barrels per day in 2010."

Nearly 14 billion gallons of domestic ethanol production will reduce oil imports by more than 445 million barrels this year, a total greater than our annual oil imports from Saudi Arabia.

Beyond being the most effective policy enacted by Congress to increase supplies of domestic, affordable and clean biofuels and reduce foreign oil imports, the RFS has helped create American jobs. U.S. ethanol producers contribute to more than 400,000 jobs across all sectors of the economy. A report earlier this year discovered that new and promising advanced biofuels called for under the RFS could result in another 807,000 jobs by 2022.

Given these real-world benefits, for the subcommittee to suggest the RFS poses “conflicts and unintended consequences” is really just a convenient red herring for groups with a political axe to grind about ethanol to grouse in a congressionally-sanctioned setting. We are disappointed this mostly one-sided hearing likely won’t reveal important facts that support the continuation of the RFS.

For instance, ethanol results in fuel and food as U.S. ethanol plants will supply livestock producers across the globe with more than 30 million metric tons of high-quality feed called distillers grains this year. A recent report by the U.S. Department of Agriculture’s Economic Research Service found that distillers grains are the second leading source of feed in the U.S. The study also revealed that because ethanol production simply borrows the starch portion of the corn kernel to make ethanol, the remaining protein and nutrients in the corn kernel are concentrated in such a way that a resulting metric ton of distillers grains replaces 1.22 metric tons of corn and soybean meal in feed rations. The RFS helps make more feed, and food, available to the world.

The RFS is also spurring consumer-friendly and low-cost technology innovations. For instance, more than 8.5 million of the 250 million gas-and-diesel-powered vehicles registered in the U.S. today are Flexible Fuel Vehicles (FFVs) which can operate on virtually any blend of gasoline and ethanol. Thanks to voluntary efforts on the part of U.S. automakers their availability is expected to grow. To meet this growing demand for FFVs, gas station owners are installing “blender pumps” which offer consumers their choice between gasoline and ethanol blends at various percentages from no ethanol to E85. By providing these choices, retailers allow their customers to select the most affordable and efficient fuel blend for their vehicle.

Further, after two years of rigorous testing the U.S. Environmental Protection Agency has approved the use of E15 for every car and light-truck manufactured for sale in model-year 2001 and thereafter. In other words, most of the cars on the road today are approved for the use of E15 without a single modification.

These promising developments combined with the market security provided by the RFS provide the investment community the confidence to step-in and help commercialize cellulosic ethanol and other advanced biofuels. In fact in the next year several cellulosic ethanol projects are poised to begin construction on state-of-the-art biorefineries.

Finally, not only would reduction or repeal of the RFS signal a retreat, turning the clock back to pre-2005 days when foreign oil comprised more than 60 percent of U.S. demand, but fuel prices would increase on American working families and small businesses as well. Economists with the University of Wisconsin and Iowa State University found that from 2000-2010, U.S. ethanol production reduced gasoline prices by an average of 25 cents per gallon.

Prior to enactment of the RFS, oil companies proved that left to their own devices, they preferred not to provide American consumers a cleaner, safer, and more affordable domestic alternative in ethanol. The real-world benefits stemming from the RFS are unmistakable and Congress should reject any effort to reduce or repeal it.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Jennings". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Brian Jennings, Executive Vice President
American Coalition for Ethanol (ACE)