

July 6, 2011

The Honorable Andy Harris
Chairman
Subcommittee on Energy and Environment
Committee on Science, Space and Technology
U.S. House of Representatives

The Honorable Brad Miller
Ranking Member
Subcommittee on Energy and Environment
Committee on Science, Space and Technology
U.S. House of Representatives

Dear Chairman Harris and Ranking Member Miller:

The Renewable Fuels Association (RFA) is the national trade association representing the U.S. ethanol industry. The Subcommittee's hearing on the science of E15 is a timely and important hearing. As no representative from the ethanol industry was invited to testify, we wanted to be sure the Subcommittee was provided the perspective of American ethanol producers and marketers.

As all Americans are well aware, gasoline prices remain high and consumers are seeing higher oil prices drive up the cost of everything from food to clothing. Our nation's ethanol industry is already helping to decrease our reliance on foreign oil and keep volatile gasoline prices in check. As a recent university study concluded, ethanol helped keep 2010 gas prices \$0.89 lower than they otherwise would have been. The industry is poised to make even more significant contributions to our domestic transportation fuel supply in the future if regulatory constraints to the use of ethanol fuels are removed.

Full implementation of the Energy Independence and Security Act of 2007 (EISA) will require the use of ethanol beyond the traditional 10 percent blends, as 36 billion gallons of renewable fuels represents about 25 percent of the gasoline pool. Unfortunately, current regulations limit the amount of ethanol that can be blended with gasoline to 10 percent for conventional automobiles. The U.S. Environmental Protection Agency (EPA) has approved E15 blends to for use in cars, pickups and SUVs built in 2001 and later, or about two-thirds of the vehicles on the road today.

We believe EPA's decision is sound, based upon the most robust test program ever conducted by the federal government for a CAA Section 211(f) fuel waiver, and finalized only after a lengthy public rulemaking process in which the auto industry provided no data demonstrating a single emissions, materials compatibility or driveability problem associated with the use of E15.

Recently, Representative James Sensenbrenner, Vice Chairman of the House Science, Space and Technology Committee, asked automakers whether they were “confident” their cars and trucks “will not be damaged” by the use of E15. Frankly, in asking auto companies to prove a negative, the Vice Chairman was asking the wrong question. Indeed, most responses simply acknowledged they did not know because they do not believe adequate testing has been done. That does not mean E15 is not safe for their vehicles; it simply means they want to have more data. But the auto/oil industry test program they await has been years already in the offing and has been marred by delays and questionable test protocols.

Again, we believe the EPA test program, conducted by the U.S. Department of Energy (DOE) using EPA protocols provides a very robust database to answer the fundamental question – can E15 be used safely in motor vehicles and maintain emissions performance? The answer to that question is a resounding – yes.

In fact, the RFA continues to urge EPA to extend the waiver for E15 use to all conventional light-duty vehicles. A report by the highly regarded automotive engineering firm, Ricardo Inc., concluded there were no unique emissions, material compatibility or drivability issues with older vehicles compared to 2001 automobiles. (A copy of the Ricardo report is attached.) This analysis together with affirmative results in reports from the DOE and other academic and private testing institutions show that there are no significant issues with the use of E15 in virtually all vehicles on the road today. Our nation can and should move in the direction of ethanol blends in excess of 10 percent in conventional, gas-only vehicles.

As with any new fuel, additional testing and some regulatory issues relating to the fuel’s properties must be addressed before widespread E15 use can occur. The RFA is working with the EPA and others to address those issues and accelerate the commercial use of E15. The concerns expressed by automakers and gasoline retailers are not insurmountable. If we can successfully put a man on the moon, we can safely increase ethanol content in gasoline by just five percent.

It will be critical to the future growth opportunities for cellulosic and advanced ethanol to promote ethanol’s important role as an alternative fuel as well. Currently, the E85 market represents just a fraction of the overall U.S. ethanol market, but it is growing. We estimate that there are about 8.5 million flexible fuel vehicles (FFV) on America’s roadways today. That is up significantly from recent years and a testament to the leadership and commitment of General Motors and Ford; but it still represents just 3 percent of the total automotive fleet. Likewise, we estimate E85 and mid-level blends are offered at approximately 2,700 retail gas stations across the U.S. That is a huge improvement over the handful of E85 stations just a decade ago, but it still represents just 1.5 percent of the nation’s gas stations.

Obviously, we have a long way to go if consumers are to be given the flexibility to maximize their use of domestic renewable fuels like ethanol. Efforts to expand FFV technology must be a part of our energy future. Putting more Americans behind the wheel of an FFV is a critical component of our strategy to transform current ethanol policy and the current ethanol industry. Together with more blender pumps, investment in infrastructure is one leg of the approach that recognizes the need to put the market back in ethanol policy.

Overcoming this “blend wall” issue is paramount to the success of the RFS. Cellulosic and advanced ethanol will largely represent the renewable fuel supply beyond the E10 blend market. To leave the market artificially constrained further limits market opportunities for next generation biofuels very close to commercialization, missing an opportunity to meaningfully increase America’s use of

renewable fuels and reduce our dependence on imported oil. The RFA looks forward to working with you to further develop and implement sound policies around the science of E15.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Dinneen". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bob Dinneen
President & CEO