

Mike Adams: And welcome back. Today we have the first part of what we hope will be a two-part series on the campaigns' positions on renewable fuels. Both parties, both campaigns have talked about our need to break our dependence on foreign oil, but they have different views on how we go about that and certainly different views when it comes to renewable fuels such as ethanol.

We're working with the folks at the Renewable Fuels Association to get each party to make their views known, to go on record about how they would handle the energy situation in particular when it comes to renewable fuel such as ethanol.

Joining us today is Heather Zichal, the policy director for energy, environment and agriculture for the Obama campaign. Heather previously served as the legislative director for Senator John Kerry. Over ten years experience on Capitol Hill working on these policy areas. Heather grew up in rural northeast Iowa. Heather, welcome to AgriTalk. Thank you for joining us.

Heather Zichal: Thank you. I'm very excited to be with you this morning.

Mike Adams: We appreciate this very much. Obviously it's a very important issue and we want to kind of if we can here set the record straight on how the campaigns feel about ethanol and what we might expect from their administration if they are successful in November. What we might expect as far as their positions on renewable fuels in that administration.

So we have questions prepared. These questions that we will ask today for Heather if someone accepts our invitation from the McCain campaign between now and the election and we certainly hope that they will, we will ask the very same questions of them. So, Heather, let's get started.

Back in December of '07 the President signed into law the Energy Independence and Security Act. Now that expanded the renewable fuel standard by requiring 36 billion gallons of renewable fuel to be used annually by the year 2022 and specifically required that 21 billion gallons come from advanced biofuels including cellulosic ethanol.

Will Barack Obama if he becomes president continue to support and implement this law?

Heather Zichal: The answer across the board here is absolutely yes. Obama was a proud supporter of the renewable fuel standard in both the 2005

and 2007 energy bills. Beyond that in his comprehensive energy plan he's proposed expanding the renewable fuel standard to 60 billion gallons of biofuels by 2022.

Obviously the overarching goal here is to accelerate our path towards ending America's dependence on foreign oil. In order to reach this goal we'll need to support research and development into the next generation of feed stock and processing technologies.

Advanced feed stocks like rice hulls and sugar cane has the potential to improve the carbon footprint of biofuels across the board.

Ya' know I think I don't have to tell you about the benefit of the renewable fuel standard whether that's from the environment perspective, the consumer's perspective or the rural economy's perspective, the benefits are clear. That's why Senator Obama has pledged to invest \$150 billion over ten years to invest that in renewable energy technology and create five million new jobs.

I think that stands obviously in stark contrast to Senator McCain who opposed the renewable fuel standard in 2005 and 2007 and recently wrote to the EPA actually to ask the administrator to waive the renewable fuel standard. So I think this is one clear issue where the candidates are on very different sides.

Mike Adams:

Let me ask you about that because we had calls this year. Texas Governor Perry and some others asking for a waiver from the renewable fuel standard asking to opt out or have it reduced. Would Senator Obama support any type of lessening or allow waivers, would he be in favor at all of waivers from the renewable fuel standard or would he require and push to have those standards met?

Heather Zichal:

He would require and push to have those standards met. From his perspective investing in renewable fuels is vital to not only creating jobs and building our rural economies, but also that goal of reducing our dependence on foreign oil.

Mike Adams:

Both campaigns have stated, as I mentioned earlier, the need to lessen our dependence on imported oil. Now according to the Energy Information Administration our production of 585,000 barrels of ethanol a day is helping reduce America's oil imports by some 500,000 barrels per day. Does Senator Obama agree that America's production of ethanol is an important component of reducing foreign oil dependence?

Heather Zichal: Yes; our biofuels program is already reducing our dependence on imported oil. About seven percent of our transportation fuel supply comes from biofuels. In fact in 2007, our biofuels program displaced 228 million barrels of oil and reduced our gas bill to OPEC and other foreign suppliers by over \$16 billion.

I think from Senator Obama's perspective as we continue to ramp up the production of biofuels we have the potential to replace an even greater amount of imported oil and that's going to improve our flexibility of our foreign policy and it's important that the public policies be kept in place that are moving us towards this outcome.

Mike Adams: Because of the volatility of world oil prices there has been a bipartisan agreement to provide oil refiners with a tax credit when they blend gasoline with ethanol. Would Senator Obama as president continue to support that policy?

Heather Zichal: Yes; Senator Obama supports the blender's tax credit. I think several recent studies have shown that blending ethanol into gasoline has actually reduced the price that consumers pay at the pump anywhere between 29 and 40 cents per gallon.

The Department of Energy in fact showed that they saved the average family about \$300 per year and obviously with our growing energy costs and impacts on families today this is an important trend that we need to continue.

The credit was recently extended to 2010, but it was reduced probably as you know several cents from 51 to 46 cents per gallon. I think as the industry continues to mature and as we blend in larger shares of biofuels Senator Obama will review the credit and determine whether additional modifications are needed.

Mike Adams: Let's take this another step here. Because oil refiners receive a tax credit when they blend either domestic or imported ethanol into gasoline federal policy now imposes a fee which is equivalent to the tax credit on imported ethanol. That's in order to prevent U.S. taxpayers from subsidizing foreign ethanol producers.

Now this has been questioned whether or not that should be waived or not. Would Senator Obama continue to support this policy?

Heather Zichal: What Senator Obama said on this is that the tariff that's imposed on imported ethanol was designed to nurture our domestic industry. The whole point of the program is to build a domestic industry that will achieve energy independence for this program while creating thousands of jobs and injecting capital into rural economies.

All that progress would be undermined if we became dependent on imported biofuels. So this tariff is an important measure to continue to allow our domestic industry to mature and compete with subsidized energy products from around the world.

Like we said with the blender's tax credit, because these policies are in place to foster a growing, maturing industry, they'll need to be considered in the future in terms of where the marketplace is and what our progress has been towards achieving energy independence.

But for the near future we think the tariff has a role in maintaining a vibrant renewable fuel policy that creates jobs and economic value here in America.

Mike Adams: So Senator Obama continues to support the tax on imported ethanol. Would there be a situation where you think he would review that? I mean there are a lot of calls about what if we just open the doors and let more foreign ethanol in that that might somehow lower our price in this country. A lot of pressure was put on to do that this year. Would he move from that position at all or do you think he would stick to it?

Heather Zichal: I think for right now what he said is we need to stick to that in order to help build our domestic industry. I think from our perspective the whole point of investing in these home grown biofuels is so that we don't have to rely on other countries for our sources of energy and we need to continue this path and the more we invest in bringing these prices down and commercializing this technology, we're going to be better off in the long run.

Mike Adams: Alright. We're talking with Heather Zichal, the policy director for energy, environment and agriculture for the Obama campaign discussing renewable fuels, getting the position on record of the Obama campaign. Again an invitation has been issued to the McCain campaign to do this very same thing. We hope they will in the very near future between now and election time right here on AgriTalk.

We're going to take a break. When we come back we'll talk more with Heather Zichal. We're going to get into cellulosic ethanol. That's next on AgriTalk.

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Mike Adams: Welcome back to AgriTalk as we continue to look at the two campaigns, the Obama and McCain campaigns positions on renewable fuels. Today we're discussing this with the Obama campaign with Heather Zichal, policy director for energy, environment and agriculture for the Obama campaign.

Heather, there seems to be bipartisan agreement on the need to, as quickly as possible, commercialize the production of ethanol from cellulose and other feed stocks. Does Senator Obama agree on the need for federal support for advanced biofuel and cellulosic research and development and does he have a plan to help accelerate this commercialization?

Heather Zichal: Yes; we certainly agree. Because of limits on the amount of _____ land in this country and our food demands, there's only so far we can go with corn based ethanol. That being said, corn based ethanol is replacing seven percent of our transportation fuel supply, as we discussed earlier, and it's replacing hundreds of millions of gallons of imported oil.

It's been a successful technology and it will continue to be a successful technology into the future. I think a couple things of note is that our renewable energy policies are feed stocks and process non-specific, the RFS and the tax credit accrue to all feed stocks, corn as well as biomass.

So our policies have laid the groundwork for entrepreneurs to step up and create viable low cost solutions to the energy question. From Obama's perspective that's good public policy not picking winners.

In addition we have in place a number of programs that are going to accelerate the development of next generation feed stock which is ultimately where we're going to have to go if we want to replace larger and larger shares of petroleum which is what under Obama's plan will do.

Already we have a number of plants processing or being built that will use woody biomass and agriculture waste products. The key programs were in the 2008 farm bills to incentivize these

technologies and that's a bill that Senator Obama supported and McCain on the other hand opposed and in fact said he would veto it just like President Bush.

The farm bill provides the cost share assistance to growers of next generation energy crops to help establish a market as well as some loan guarantees for cellulosic bio-refineries and additional funding for research and development.

Senator Obama's committed to supporting funding for these initiatives and sees this as a vital program to reducing our dependence on foreign oil.

Mike Adams:

Last week Senator McCain speaking in Missouri said his administration would reduce the price of food by eliminating the subsidies for ethanol and agricultural goods saying these subsidies inflate the price of food not only for Americans, but for people in poverty across the world and he would propose to abolish them.

Does the Obama campaign feel that federal support for ethanol actually causes food prices to go up?

Heather Zichal:

Well, ya' know, experts at the United States Department of Agriculture and the White House Council of Economic Advisors have looked at this question and concluded that ethanol's demand for corn has had a minimal impact on consumer food prices. Approximately three percent or just \$15 a year for the average family.

I think if you look at what we're getting in terms of our benefits from reducing dependence on foreign oil, the benefits that consumers are getting at the pump, as well as what we're doing in terms of investing in rural economies through these investments in renewable fuels, this is absolutely the right decision for America and something that under an Obama administration we're committed to.

Mike Adams:

So you're saying the Obama position is that subsidies for ethanol are not causing people to go hungry around the world or putting food out of their reach because it's making it too expensive?

Heather Zichal:

Ya' know, I think from looking at the studies, food inflation is clearly a big problem for low income Americans. We know that food prices rose five percent last year, but ethanol's one of several factors contributing to the increase in the price of commodities and ultimately to food.

I think from Senator Obama's perspective the investments that we need to make in biofuels makes sense again from an economic perspective, an environmental perspective and from a national security perspective because we are able to reduce our dependence on foreign oil.

Mike Adams: Okay; so let me make sure I understand what you're saying. You're saying that the campaign feels that while ethanol may play some small part in food price increases, not a major part and not enough of a reason to pull federal support for the industry. Is that correct?

Heather Zichal: That is correct; yes.

Mike Adams: Okay; alright. Now, with expanded use of biofuels there's now the effort and a push to try to get obviously more use and part of that would be to expand the use of V 85, but also to go beyond the current E10 level to perhaps an E15 or E20 approved blend of ethanol. Would the Obama campaign support that?

Heather Zichal: Yes; there are several bottlenecks today in our distribution system that need to be worked out to get to higher and higher blend levels for biofuels.

Senator Obama has been involved in the senate. He has a long record of fighting to expand the number of flex-fuel vehicles on the road that can be fueled with varying levels of biofuels.

In Brazil for example, as you probably know the number of flex-fueled vehicles doubled in a four year period and now nine out of ten new cars are flex-fuel vehicles.

In addition, this is again another area where Senator Obama worked both as, in the state legislature and in the U.S. Senate to work with gas station retailers and pump manufacturers, as well as the engine manufacturers to make sure they're certifying their parts for the highest blend levels that are safe for the equipment and to design equipment capable of handling higher blend levels.

Mike Adams: So if the studies continue to show that vehicles could safely run on E15 or even E20 without any modification, would he push for those higher blends to be EPA approved?

Heather Zichal: Yes.

Mike Adams: Now, you mentioned increased use of flex-fuel vehicles. Would he vigorously push for auto manufacturers to produce more flex-fuel vehicles?

Heather Zichal: Yes; in fact if you look at the energy, the comprehensive energy plan that Barack Obama has laid out which is available at BarackObama.com, he has an aggressive goal to increase the amount of flex-fuel vehicles in the United States and to work with our domestic manufacturers to make sure that happens.

Mike Adams: Should that be mandated? Should it be required of auto manufacturers that they have to produce so many flex-fuel vehicles or not?

Heather Zichal: Yes; he supports a mandate.

Mike Adams: Alright; we're just about out of time and I want to give you a chance to just kind of summarize here. Again we're talking with Heather Zichal, the policy director for energy, environment and agriculture for the Obama campaign. Heather, if you would, I'll give you a minute or so here to just kind of sum up what we could expect in an Obama administration, in an Obama presidency concerning renewable fuels and in particular ethanol.

Heather Zichal: Well, again, I just want to thank you for the opportunity to come and speak with you this morning. I think the topic that we discussed really underscores a key difference between two candidates on this particular issue of biofuels and our energy policy.

Senator McCain, some of his quotes and his voting record are just completely 180 degree different from where Senator Obama is. I mean McCain has said ethanol has under no circumstances any value what so ever.

That's very contrary to the position of Senator Obama. He's proposed a comprehensive energy plan that invests \$150 billion over ten years to invest in renewable energy that includes advanced biofuels, but also wind, solar and I think from his perspective when we're talking about energy policy, he recognizes fully that we have to continue to develop our domestic resources of gas and oil.

But ultimately what we need to do is move away from our dependence on foreign oil and towards home grown energy sources. His comprehensive plan recognizes that in order to do that we need to invest heavily in biofuels.

Unfortunately John McCain, he doesn't even include biofuels in his comprehensive energy plan. So I think that just kind of underscores the key difference between the two candidates on this issue.

Mike Adams: Heather, we thank you for being with us today.

Heather Zichal: Thank you for your time.

Mike Adams: Heather Zichal, the policy director for energy, environment and agriculture for the Obama campaign and our thanks to the Renewable Fuels Association for putting this together.

Again, they have also issued the invitation to the McCain campaign and we leave the door open. Any time really between now and the election, we will make time available here on AgriTalk to pose these same questions to a representative of the McCain campaign to get them on record far as their position's concerned and to explain their position on renewable fuels. We hope they'll take us up on that in the very near future.

Thank you for being with us today on AgriTalk.

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