

May 5, 2010

The President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

The accident at the Deepwater Horizon oil rig and the corresponding oil gusher flowing in the Gulf of Mexico is reason for great national concern. The ever-expanding sheen of oil is rapidly approaching sensitive fishing grounds and coastal ecosystems, threatening the livelihoods of hundreds of thousands of Americans who rely on the bounty and the beauty of the Gulf.

Protecting these precious resources must remain a top and immediate priority, but addressing the underlying issue of oil dependence will require both a short-term and long-term strategy. This tragedy can provide a teaching moment and once again steel the resolve of the American people to take this country in a new direction.

The juxtaposition of a green American farm field and the copper-toned oil slick spreading across the Gulf is striking. American farmers are producing more corn on fewer acres with fewer inputs than ever before. Anecdotal stories from farmers in the field suggest a normal growing season could produce a corn crop approaching, if not exceeding, 14 billion bushels, nearly one billion bushels more than the record crop produced last year. Importantly, farmers are able to do this year after year.

Equally exciting are the possibilities for new crops to be used as feedstocks for ethanol production. Native grasses, corn stalks, and even sugar wastes from the Gulf Coast region are all renewable waste products that are rapidly becoming ethanol feedstocks.

We may never know exactly what caused this particular offshore tragedy. But we surely know that our nation's relentless pursuit of petroleum has economic and environmental consequences that only a more balanced energy policy can address. The Renewable Fuels Standard, as envisioned by the Energy Independence and Security Act of 2007, provides a framework for that more balanced energy policy. But it needs to be fully and successfully implemented. I can proudly and confidently say that the domestic ethanol industry stands ready to help meet the demands for both an environmentally responsible, domestically produced alternative to oil.

As you are well aware, ethanol provides a lower carbon transportation fuel alternative to gasoline refined from petroleum. In a comparison that excludes highly uncertain indirect land use change emissions, the U.S. Environmental Protection Agency (EPA) found ethanol to be 52% less carbon intensive than gasoline. Likewise, ethanol's biodegradable properties render it virtually environmentally harmless if a spill should occur over water or on land.

Additionally, ethanol prices are running at significant discounts to gasoline and even imported sources of ethanol. Blending ethanol at the currently allowed level of 10% per gallon of gasoline saves American drivers up to 12 cents per gallon.

If this is truly to be a teachable moment, we must act on the lessons learned. I urge your administration to take three immediate steps well within your jurisdiction. These steps will provide immediate relief to consumers facing higher gasoline costs as a result of this tragedy and further the energy and environmental objectives of your administration.

First, the EPA should immediately move to allow for the blending of 12% ethanol by volume in each gallon of gasoline. EPA has to date ignored our counsel that the Agency's own oxygenate stacking rules, allowed by the Clean Air Act, gives refiners and marketers the flexibility to blend up to 12% oxygenate today (as you know, ethanol is classified as an oxygenate along with additives such as MTBE). Allowing 12% blends immediately would both spur the continued development of a domestic biofuels industry and reduce the burden for Americans at the pump by up to 15 cents per gallon. While this is a good interim and immediate step, it does not address the need for a longer term vision.

Second, EPA should grant a full waiver for the use of 15% ethanol blends as soon as the Department of Energy testing on catalytic converters is completed early this summer. Current EPA guidance on the issue suggests it is only considering a partial waiver for E-15 used in vehicles model year 2001 and newer. Such a bifurcation of the market would create unnecessary confusion for retailers and consumers, and may severely limit the benefits of increased ethanol blending. To date, EPA has provided no scientific justification for such a limit on the waiver. We believe no such restriction exists and as such EPA should move as expeditiously as prudent to approve the full waiver. Using 15 percent ethanol blends today would save drivers as much as 19 cents per gallon.

Third, the Department of Energy (DOE) must reevaluate current loan guarantee programs to make them more accessible to next generation ethanol technologies, such as cellulose-to-ethanol conversion. This largest obstacle facing the commercial deployment of these cleaner and more sustainable technologies is access to capital. The Renewable Fuels Association and its cellulosic and next generation ethanol producer members have met with DOE to express dissatisfaction with the current program structure. Unfortunately, DOE still has yet to award a loan guarantee to any cellulosic ethanol producer. Having a functional loan guarantee program that is fair and available to companies seeking to deploy these technologies is essential.

Without a second thought, critics of our industry, including many in the environmental community now uncharacteristically quiet in the wake of this disaster, will urge you to ignore this call and paint ethanol producers as nothing more than opportunists. But, as you saw firsthand last week in Missouri and have routinely stated, homegrown renewable fuels like ethanol are a significant part of this nation's energy future.

American ethanol production is increasingly efficient and is continually improving the environmental and economic benefits this domestic industry offers. This industry is currently producing 10% of the nation's gasoline supply and has the capacity to produce even more.

Increasing America's ability to fuel itself through the use of domestic renewable fuels in and of itself will not solve all our problems. Nor would it have prevented this most recent oil tragedy from occurring. But with sound policies and forward thinking, it can greatly reduce the likelihood of such an event occurring again by reducing demand for oil.

I encourage you to unleash the ingenuity and productivity of American farmers and ethanol producers to help end America's dangerous addiction to petroleum.

Sincerely,

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

Robert Dinneen, President and CEO
Renewable Fuels Association

CC: The Honorable Stephen Chu
The Honorable Thomas Vilsack
The Honorable Lisa Jackson