April 15, 2021

The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Schumer and Minority Leader McConnell:

As Congress considers legislation to improve infrastructure in the U.S., including investments to accelerate the nation's transition to clean energy in the transportation sector, I write to urge for a technology-neutral approach to achieve meaningful reductions in carbon emissions and encourage Congress to adopt recommendations to unleash ethanol's ability to rapidly decarbonize transportation fuel.

To date, the clean energy infrastructure discussion has narrowly focused on massive investments in electric vehicles (EVs) and a new supply chain to support them, including funding to mine and process rare-earth minerals to manufacture EV batteries, spending on hundreds of thousands of new charging stations, and incentives or rebates to spur consumers to buy EVs. Congress needs to take a broader, technology-neutral approach to transportation infrastructure to accomplish immediate and deeper carbon reductions.

EVs have an important role to play in the future but they currently make up just 2 percent of all vehicles in the U.S., and 87 percent of those "electric" vehicles are hybrids which also use liquid transportation fuel. In fact, electric-only vehicles are a mere 0.3 percent of total vehicles, meaning 99.7 percent of vehicles in the U.S. use liquid fuel. Moreover, 95 percent of all U.S. vehicles are legally approved to use E15 and nearly 25 million flexible fuel vehicles (FFVs) can operate on blends of ethanol and gasoline up to E85. While COVID-19 curtailed U.S. ethanol production in 2020, approximately 15 billion gallons of domestic ethanol is available now as a low cost source of clean fuel for these vehicles. The bottom line is there are hundreds of millions more people driving vehicles capable of using clean fuel alternatives to gasoline such as E15 and E85 today than any other alternative, and that will be the case for a very long time. If Congress wants to achieve immediate climate benefits from clean energy infrastructure, it should provide incentives for retailers to sell E15 and E85 and for automakers to resume the production of FFVs.

A technology-neutral approach to transportation infrastructure is supported by a report from the Rhodium Group earlier this year indicating even under the most aggressive sales projections, EVs alone will fail to get the U.S. to net-zero emissions by 2050. In other words, EVs are not a sliver bullet solution to address climate change in the transportation sector. Rhodium explained the U.S. will need to increase the use of clean liquid fuels and enforce efficiency standards to close the emissions gap. According to a recent report from researchers with Harvard and Tufts, average corn ethanol lifecycle greenhouse gas (GHG) emissions are 50 percent cleaner than gasoline. Meanwhile, many EVs today are powered by electricity generated from coal or natural gas, especially in the Midwest and Southeast. Since fossil fuels still account for 63 percent of U.S. electricity generation, the use of ethanol achieves more meaningful GHG reductions than EVs in certain cases. Further, ethanol is the only transportation energy source that can reach net-negative carbon intensity through continued advancements within ethanol facilities and on-farm practices in how biofuel crops are grown. As a result, ethanol provides near-term and long-term climate benefits.

Congress can spend a small fraction of the proposed $174 billion currently being discussed in support of the EV supply chain to get an incredible return on investment for the economy and accelerate the ability for ethanol to help make near-and-long-term reductions in GHG emissions.

Here are some recommendations for Congress to include in the overall infrastructure package, some of which have zero cost for U.S. taxpayers or relate to clearing outdated roadblocks that currently restrict market access for clean fuels such as E15 and E85:

- Include and fund the bipartisan and bicameral Renewable Fuel Infrastructure Investment and Market Expansion Act. This legislation, sponsored by Senators Klobuchar (D-MN) and Ernst (R-IA) and Representatives Axne (D-IA) and Davis (R-IL), would authorize $500 million over five years for USDA to provide incentives to retailers to make E15 and E85 available to motorists.

- Provide incentives for automakers to resume the production of FFVs that can operate on up to E85. Options Congress could consider include re-establishing the 1.2 miles per gallon Corporate Average Fuel Economy (CAFE) and GHG credits for FFVs through 2035 or provide a tax credit or rebate to consumers and/or automakers for the purchase and/or production of FFVs, like the incentives being discussed for the purchase or production of EVs.

- Modify and extend the existing Alternative Fuel Refueling Property Credit. Currently, a $30,000 per location credit is available through 2021 for the installation of infrastructure that dispenses ethanol, biodiesel, natural gas, hydrogen, and electricity. Congress should consider extending the credit and increasing the value to $50,000 per location.

- Codify Reid vapor pressure (RVP) parity for all ethanol-gasoline blends greater than 10 percent. RVP relates to evaporative emissions of fuel blends. Blends of ethanol such as E20 and E30 have fewer evaporative emissions than E10 and should have access to the market. In 2019 EPA issued a regulation to extend RVP relief for E15. Congress should extend RVP-parity for all ethanol blends above 10 percent.

- Include the bipartisan and bicameral Adopt GREET Act. This legislation, sponsored by Senators Thune (R-SD) and Klobuchar (D-MN) and Representatives Johnson (R-SD) and Craig (D-MN), would require EPA to adopt the latest GREET model to determine the carbon intensity of ethanol. The U.S. Department of Energy GREET model, which is widely recognized as the gold standard tool for determining the lifecycle GHG emissions of transportation fuels, indicates that corn ethanol is 50 percent cleaner than gasoline. Unfortunately, EPA has disregarded this latest lifecycle science and continues to cling to a flawed and outdated model which shows corn ethanol is only 20 percent cleaner than gasoline.

- Remove barriers to mid-level blends such as E30 by requiring all new refueling infrastructure to be compatible with blends of at least 30 percent ethanol by 2025, requiring new vehicles to be warranted to use up to 30 percent ethanol by 2025, and equipping EPA with the legal authority to establish a high-octane fuel standard in the Clean Air Act.

- Support funding for projects to help ethanol producers capture and sequester carbon, whether that be tax credits or grants for CCS infrastructure and pipelines. Loans and loan guarantee programs for petroleum pipelines should also be available to ethanol pipelines.

- Update the R-Factor to 1.0 to support low carbon fuel use and provide automakers with flexibility in complying with fuel economy standards. The R-Factor is used in fuel economy calculations to account for changes in certification fuel energy density and the efficiency with which a vehicle adapts to fuel variations. EPA's current R-Factor is outdated and does not reflect advancements in engine technology or low carbon fuel production.

- Replace the MOVES Model. The Motor Vehicles Emissions Simulator (MOVES) model currently used by EPA is flawed because it does not reflect standard practices in the marketplace such as the emission-reduction benefits of higher ethanol blends. Congress should require EPA to replace the outdated MOVES model with another tool which accurately represents real-world fuels and vehicles.

Even under the most ambitious projections about transitioning the U.S. vehicle fleet to EVs, billions upon billions of gallons of liquid fuels will be consumed for decades to come. Modest investments to unleash ethanol's ability to immediately and meaningfully decarbonize transportation fuel should be part of the infrastructure package. Thank you for your consideration.

Sincerely,

Brian Jennings, CEO
American Coalition for Ethanol

CC:

The Honorable Debbie Stabenow (Chair) and John Boozman (Ranking Member), Senate Agriculture Committee

The Honorable Joe Manchin (Chair) and John Barrasso (Ranking Member), Senate Energy Committee

The Honorable Tom Carper (Chair) and Shelley Moore Capito (Ranking Member), Senate Environment and Public Works Committee

The Honorable Ron Wyden (Chair) and Mike Crapo (Ranking Member), Senate Finance Committee