

From: Jack Gerard, API
Sent: 6/3/2015 10:32:39 AM
To: Haley, Nikki
Cc:
Subject: RFS Reform Still Needed

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June 3, 2015

Fill Up on Facts

From the engine damage threatened by E15 to the consequences of hitting the blend wall, Fill Up on Facts <http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/2134eb2e76> is your one-stop source for information about the Renewable Fuel Standard: www.filluponfacts.com
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RFS Reform Still Needed

Dear Nikki,

The EPA has finally released its [proposed ethanol volume mandates](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/5940d44065) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/5940d44065>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/5940d44065) for 2014 (1.5 years late), 2015 (6 months late), and 2016.

But EPA's [habitual tardiness](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/54cdd11f19) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/54cdd11f19>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/54cdd11f19) is just one of the many problems with the Renewable Fuel Standard (RFS).

There's no getting around the policy's central flaw: the requirement to blend ever-increasing amounts of ethanol into America's fuel -- regardless of market demand or [vehicle compatibility](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19a8667c33/section=e15-and-your-car) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19a8667c33/section=e15-and-your-car>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19a8667c33/section=e15-and-your-car). Particularly for the 2016 standards, the EPA is still operating under flawed assumptions about the demand for [high-ethanol fuel blends](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/4646fdc1a6) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/4646fdc1a6>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/4646fdc1a6). But raising the volume even slightly -- from the current 10 percent (E10) to 15 percent (E15) -- is not a valid option.

The facts:

- Extensive testing by the auto and oil industries shows that higher ethanol blends can damage engines and fuel systems -- potentially leaving drivers stranded.
- For model years 2001 through 2011, zero manufacturers recommend operating their vehicles on E15.
- Even for the two most recent model years, 2014 and 2015, half of manufacturers do not recommend using E15.
- Automakers have told members of Congress they will not cover damage caused by E15 under new car warranties.

EPA also suggests in the proposal that using more E85 will allow the U.S. to consume more ethanol in existing vehicles. But that's also a non-starter. Only 6 percent of the current vehicle fleet are configured to use E85, and even those motorists have largely rejected the fuel because ethanol is less energy-dense than gasoline. E85 demand is only 0.15 percent of overall gasoline demand. By contrast, demand for ethanol-free gasoline (E0) -- which consumers want for their [boats](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/8498b17935) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/8498b17935>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/8498b17935), [lawn equipment](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/e85b2e9444) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/e85b2e9444>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/e85b2e9444), and for [recreational](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/840372a264) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/840372a264>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/840372a264) and [classic](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19d94a6de9) [<http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19d94a6de9>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/19d94a6de9) vehicles -- has increased from 3.4 percent of gasoline demand in 2012 to just shy of 7 percent in 2014.

And we haven't even covered the numerous other impacts – including consequences for the environment and food prices – that have prompted [restaurant associations <http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/d4a9dc1996>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/d4a9dc1996), [grocers <http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/ffc862779d>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/ffc862779d), [producers of poultry, pork and beef <http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/c5caf32fee>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/c5caf32fee), [environmental non-profits and anti-hunger groups <http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/57af4cbf75>](http://cts.vresp.com/c/?JackGerardAPI/99d9af89de/2505242c36/57af4cbf75) to speak out.

Members on both sides of the aisle agree the current ethanol policy is a failure. The only solution is for Congress to repeal or significantly reform the RFS.

Sincerely,

Jack Gerard
President and CEO
API

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