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House Agriculture Committee

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Written Statement

Mr. Chairman, Ranking Member, and Members of the Committee I appreciate the opportunity to testify here today on the various state and federal efforts to create a low carbon fuel standard. My name is Tom Buis, CEO of Growth Energy.

Growth Energy is a group committed to the promise of agriculture and growing America's economy through cleaner, greener energy. Growth Energy members recognize America needs a new ethanol approach – Through smart policy reform and a proactive grassroots campaign, Growth Energy promotes reducing greenhouse gas emissions, expanding the use of ethanol in gasoline, decreasing our dependence on foreign oil, and creating American jobs at home. Our members do more than support a low carbon fuel standard; they have been working to perfect and produce low carbon fuels for decades. All of their work has paid off. Based on a recent study published in Yale's Journal of Industrial Ecology, ethanol produced from corn in modern facilities reduces greenhouse gas emissions by more than 50 percent in comparison to gasoline.

The LCFS is a worthy cause, and one that Growth Energy members would support if done correctly. First, it should apply equally to all transportation fuels. Second, it should be based on universally accepted science and economic modeling. Third, the international land use requirement should be eliminated.

The low carbon fuel standard proposals at the state and federal level that we have reviewed do not meet these two requirements. Oddly, science and parity have not been part of the equation – which makes us seriously question the motivation.

In California, the California Air Resources Board approved a low carbon fuel standard that measures the direct effects of all transportation fuels, but singles out only ethanol for the indirect effects by including a penalty for indirect land use changes in other countries. It's a complicated scheme – that appears nothing less than a frontal assault on American agriculture.

On the federal level – while the Climate Change/Energy legislation under consideration by the House Energy and Commerce Committee does not include a low carbon fuel standard, the recently proposed rule to implement the RFS provisions of the Energy Independence and

Security Act of 2007 creates a de facto low carbon fuel standard, and again it singles out renewable fuels.

The RFSII rule would assess a penalty for indirect effects to only ethanol and biodiesel production in the United States. Basically, the EPA has determined that the production of ethanol in America is forcing land use changes in Brazil and other foreign countries to destroy their valuable rain forests to produce farm commodities to make up for reduced exports of these commodities from the United States. Mr. Chairman, I have been in Washington for a long time, but I have never heard of a more bizarre concept.

These so-called Indirect Land Use Changes (ILUC) are not based on universally accepted science nor economic modeling. In the debate in California over 100 scientists sent a letter stating that the science does not support the inclusion of this concept. In addition, the European Union considered ILUC and decided that further study was warranted. Also, President Barack Obama issued a Presidential Directive that created an Interagency Biofuels Working Group a few weeks ago that requires a peer review of the science EPA used to establish an ILUC penalty to biofuels before proceeding.

It should be obvious to everyone but a few misguided advocates that ILUC is not ready for prime time. This is so complex – applying international indirect land effects can never be achieved. How can we possibly hold Americans responsible for farming practices in sovereign, foreign countries? This provision is not being advocated by scientists but by those who don't like ethanol and agriculture. To regulate an industry based on untested and unproven theory and not science or reality would undermine our nation's efforts to reduce carbon emissions in the long term, and interfere with our efforts to reduce **our dependence on foreign oil, create green jobs in America, and revitalize our rural communities.**

Land use changes are dynamic. Changes occur for a variety of reasons. Macro-economic issues such as monetary policy, currency values, domestic food needs, weather, and productivity are considerably bigger factors than one specific use for a commodity that can be used for a variety of products.

I also believe that the EPA has overlooked the productivity of American agriculture. In the past two decades yields have nearly doubled and are projected to increase significantly in the next twenty years. The net usage of corn should be factored into their modeling. If included, no new virgin acreage should be brought into production to produce the 15 billion gallon mandate required by the RFS and thus the indirect land use for ethanol should be zero. Deforestation in Brazil has been ongoing for the past three decades, long before the production of ethanol was a significant industry in the United States. EPA used data of deforestation in Brazil during the period of 2000 to 2004, and did not use the most recent five year time frame, during which the

production of ethanol in the United States has nearly tripled, while deforestation in Brazil has been reduced by 50%.

The end result of enacting ILUC is that it will cap domestic ethanol production and ensure our addiction to foreign oil. As a nation, we have witnessed many foreign oil disruptions, beginning in the early 1970's with the OPEC embargo that created shortages of gasoline and long lines at gas stations throughout America. Every few years we face a new oil shock to our economy because of our dependence on foreign oil, the most recent this past year when gasoline prices topped at over \$4 per gallon. How many wakeup calls do we need? It has been demonstrated many times that our dependence on foreign oil jeopardizes our economy, our national security, jobs and our environment. We can do better. Brazil did! They took the first oil crisis seriously, and committed to making their country energy independent by developing a viable ethanol industry.

Since the birth of this great nation, agriculture has been the backbone our economy. Our forefathers understood that for our great experiment as a democracy to work, the production of safe, affordable, abundant food and fiber was essential. This country was founded on agriculture and, despite the critics, Americans enjoy the lowest per capita expenditures on food of any nation in the world. ILUC that will dictate how we farm in America threatens the future of American agriculture and possibly whether we farm in America at all. To think that we can control other countries farming decisions is naïve at best, and will ultimately lead to the downfall of the most successful industry in the history of the United States. We cannot afford to have questionable theories dictate our nation's efforts to achieve energy independence.

Where do we draw the line on indirect land use changes? Is it fair to only penalize the production of ethanol for land use changes when other factors were the cause? For example, if farmland is idled in the United States for conservation, housing developments, strip malls, highways, parks, recreation, etc., these could impact land use changes in other countries. These are all factors that should be considered before blaming all land use changes in other countries on renewable fuels.

How can anyone believe that continuing our dependence on foreign oil from Saudi Arabia, Iran, or Venezuela is better for the future of our nation than the production of renewable fuels in America?

A far better way to decrease the carbon content of our fuels is to use more low carbon fuels. This is the reason that Growth Energy filed a waiver with the EPA to increase the amount of ethanol that can be used in our nation's fuel from 10% to up to 15%. This waiver request, would reduce the need for an additional 7 billion gallons of imported gasoline annually, create 136,000 new jobs in America, reduce carbon emissions and revitalize our rural communities. More science, technical data and legal precedent exists today than in the history of the EPA waiver process. We have a window of opportunity to do the right thing. High oil prices WILL come back. In fact gasoline prices have increased 20% in the last few weeks during the biggest

economic recession in modern history. The next oil shock to face our nation because of our reliance on foreign oil is not if, but when. Every day that America is held captive to a 90 percent oil mandate is a day that we continue to enrich foreign oil exporting countries. An incremental move to e15 is the equivalent to knocking out oil imports from Venezuela -- something we should all agree is a worthwhile cause. For the sake of our economy, rural America, national security, and energy independence we absolutely need to move quickly to e15. Despite the rhetoric - the science is there. It is time to act. The only question is whether or not we are committed. I can tell you with certainty that those I represent are standing ready to do their part.

In closing Mr. Chairman, I commend you, Ranking Member Lucas and nearly the entire House Agriculture Committee for introducing legislation to eliminate the international land use provision included in the 2007 energy legislation. As you have stated, this provision was included at the last minute and not debated by Congress. To proceed as EPA has proposed would devastate the ethanol industry which is the only currently viable alternative to foreign oil, creates American jobs, improves the environment and provides economic opportunity to rural America. As gasoline prices continue to rise again, our nation must not go to sleep again on our efforts to end our addiction to foreign oil.

Growth Energy supports your legislation, and urges its adoption.

Thank you for the opportunity to testify today on this important issue.