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Senator Lugar blasts EPA's proposed rule as threat to biofuels

By Agri-Pulse Staff

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In letter he sent to EPA Administrator Lisa Jackson Friday, Sen. Dick Lugar (R-IN) wrote that "At this time when we all seek to work with the President to improve the economy through new energy investment, it is unfathomable that the EPA would act to curtail a great boon to rural development."

Lugar charged that EPA's proposed approach which penalizes biofuels – but not petroleum – based on controversial indirect land use calculations was "highly speculative and imperfect" and "economic models simply do not accurately capture indirect emissions with an acceptable degree of certainty." He asked Jackson to "halt consideration of lifecycle greenhouse gas emissions due to lack of sufficient information, and work with Congress to find a workable solution."

Lugar said EPA's proposed rule "will further entrench U.S. dependency on foreign oil and stunt rural economic development." He noted that he, then Sen. Obama and Sen. Tom Harkin proposed expanding the renewable fuels mandate in 2006 because "foreign oil dependency is a security threat to our nation...The production of 9.2 billion gallons of ethanol in 2008 erased the need for 325 million barrels of crude oil. In other words, ethanol production was equivalent to the amount of crude oil the U.S. imports in one month's time. So, in theory, domestic ethanol production allowed the U.S. to be "oil import-free" for an entire month last year. While the U.S. paid \$453 billion for oil imports in 2008, that same year ethanol production prevented the outflow of \$32 billion."

Lugar added that "I appreciate and support efforts to make prudent safeguards against negative impacts of energy production, whether it is oil drilling, ethanol or wind power. Yet, we must exercise well-informed judgment that balances several national interests. The same ill-conceived and poorly supported arguments that blame ethanol for shifting land use around the world can also be applied to new public transport on rail, wind, solar, and the new factories that will produce electric vehicles and their component parts. Meanwhile, we do not make the price of oil reflect its true cost to Americans in monetary terms or in the lives lost of our soldiers sent to protect supplies."

Lugar expressed his disappointment with the EPA decision at a Senate Agriculture Committee Hearing on Thursday: Watch the video at http://www.youtube.com/watch?v=fu81aYWiCBw&feature=channel_page

More information on Lugar's energy initiatives can be found at: <http://lugar.senate.gov/energy/>

The full letter to Administrator Jackson is below:

May 8, 2009
The Honorable Lisa Jackson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

I write to express my deep concerns about the Environmental Protection Agency's proposed rule to implement the Renewable Fuels Standard expansion passed in 2007. If enacted with life-cycle greenhouse gas emissions standards as proposed, this rule will further entrench U.S. dependency on foreign oil and stunt rural economic development.

In 2006, I joined with President Obama and Senator Harkin to propose an expansive increase to the renewable fuels mandate. Our reason for doing so was clear: foreign oil dependency is a security threat to our nation. Long-standing instability in the Middle East, OPEC supply manipulation since the 1970s, the empowerment of anti-Americanism from Caracas to Tehran, entrenchment of corrupt and authoritarian regimes, and outright conflict in places like the Niger Delta are just some of the consequences of the hundreds of billions of dollars Americans spend to import oil.

The production of 9.2 billion gallons of ethanol in 2008 erased the need for 325 million barrels of crude oil. In other words, ethanol production was equivalent to the amount of crude oil the U.S. imports in one month's time. So, in theory, domestic ethanol production allowed the U.S. to be "oil import-free" for an entire month last year. While the U.S. paid \$453 billion for oil imports in 2008, that same year ethanol production prevented the outflow of \$32 billion.

There may be ancillary benefits to ethanol and other biofuels, but the RFS was created to supplant oil. There is demonstrated strong bipartisan and national support for this goal.

While I appreciate the scope of the rule, and commend you for your efforts to implement the mandate's expansion, I am deeply troubled by the analysis associated with greenhouse gases in biofuels production. These types of analyses are academic in nature, highly speculative and imperfect. The issue of greenhouse gas emissions from the biofuels production process certainly represents an appropriate and worthwhile discussion, yet existing economic models simply do not accurately capture indirect emissions with an acceptable degree of certainty. For example, through advanced breeding techniques U.S. seed companies believe they can double grain yields over the next twenty years. Yield increases throughout the world could be even higher in places now only employing rudimentary farming practices. Yet the current models do not

account for these changes in innovation and through introduction of this proposed rule, these highly uncertain models now may carry the weight of federal law.

I strongly support the development of advanced biofuels. I authored the 2000 Biomass Research and Development Act, which was the first federal support for these technologies. I share in the optimism of many that advanced biofuels will provide oil reduction benefits along with even greater economic and environmental benefits. I look forward to working closely with President Obama to meet these goals. However, we cannot abandon current ethanol production methods that provide tangible benefits today. I appreciate and support efforts to make prudent safeguards against negative impacts of energy production, whether it is oil drilling, ethanol or wind power. Yet, we must exercise well-informed judgment that balances several national interests. The same ill-conceived and poorly supported arguments that blame ethanol for shifting land use around the world can also be applied to new public transport on rail, wind, solar, and the new factories that will produce electric vehicles and their component parts. Meanwhile, we do not make the price of oil reflect its true cost to Americans in monetary terms or in the lives lost of our soldiers sent to protect supplies.

At this time when we all seek to work with the President to improve the economy through new energy investment, it is unfathomable that the EPA would act to curtail a great boon to rural development. Ethanol and biodiesel today have a positive impact on our nation's rural economy. In 2008, ethanol production supported nearly half a million jobs across all sectors of the economy. Further, the industry contributed \$65 billion to the nation's gross domestic products and generated more than \$20 billion in federal, state, and local tax revenues. The expanded RFS will build upon the solid foundation for economic development established by the original policy. By 2022, more than 1 million jobs across all sectors of the economy could be linked to the production and use of ethanol production.

I appreciate your intention to peer review methods in calculating greenhouse gas emissions. The uncertainty created while that process proceeds, however, will cause further damage in an already difficult economy. I urge you to halt consideration of lifecycle greenhouse gas emissions due to lack of sufficient information, and work with Congress to find a workable solution.

Sincerely,
Richard G. Lugar
United States Senator

cc:

The Honorable Joseph R. Biden, Jr., Vice President of the United States; The Honorable General James Jones (Ret.), National Security Advisor; The Honorable Steven Chu, Secretary of Energy; The Honorable Tom Vilsack, Secretary of Agriculture; The Honorable Ken Salazar, Secretary of Interior; The Honorable Ray LaHood, Secretary of Transportation; The Honorable Nancy Sutley, Council on Environmental Quality