

May 8, 2014

The Honorable Barack Obama
President
United States of America
The White House
Washington, DC 20500

Dear Mr. President:

This week's National Climate Assessment report is a wakeup call about the serious economic, environmental and public health threats to the American people caused by climate change.

The good news is that our nation has reduced energy related emissions of carbon pollution in recent years and we can achieve further reductions as we move to clean energy sources like wind, solar and renewable biofuels. The bad news is that the Administration, under heavy pressure from the global oil industry, has proposed to significantly reduce the renewable fuel content of gasoline and diesel this year. This would make us more oil dependent, effectively gut the bipartisan Renewable Fuel Standard, strand billions of dollars in private investment, and send emissions of carbon dioxide and other pollutants sharply higher. It represents a significant step backward in your effort to confront climate change.

Given that the United States already consumes far more oil than we produce – and the U.S. Energy Information Agency projects that will continue to be true for decades¹ -- lowering the amount of renewable fuel we use will likely increase the amount of foreign oil we import and burn.

Argonne National Laboratory, in a [2012 study](#) funded by the U.S. Department of Energy, showed that the lifecycle CO2 emissions from traditional corn ethanol are 34% lower than gasoline. Advanced biofuels from switchgrass, corn stover or miscanthus represent reductions in lifecycle CO2 emissions of 88%, 96%, and 108% respectively. By cutting our use of these low-carbon fuels and reducing investments into innovative second generation biofuels, the EPA proposal to weaken the Renewable Fuel Standard would trigger a substantial increase in carbon emissions.

In fact, a [recent analysis](#) by the Biotechnology Industry Organization shows that this action would increase carbon pollution emissions by 28.2 million metric tons in 2014 alone. To put this in perspective, the impact would be equivalent to adding 7 new coal fired power plants or cancelling every wind farm project currently under construction in the United States.² Carrying the EPA's proposed approach forward in future years would trigger even larger increases in climate-altering emissions; by 2022, the cumulative emissions of greenhouse gases would be nearly 1 billion metric tons higher than would occur if EPA continued to set the Renewable Fuel Standard at statutory levels.

The EPA's proposal will not only undermine your Administration's efforts to address climate change, it will also undercut the Administration's efforts to support commercial scale production of cellulosic ethanol and other advanced biofuels – precisely at the time this new industry is taking root. Four new commercial scale cellulosic ethanol production facilities are coming online this year.

¹ [EIA's 2014 Annual Energy Outlook](#) reference case projects that imports will continue to decline into 2015 and then steadily rise through at least 2040. Reducing U.S. biofuel production below current levels – and those outlined in the Renewable Fuel Standard – would require additional imports.

² According to EPA's [Greenhouse Gas Equivalency Calculator](#), the 28.2 million metric tons of CO2 added by this rule change is equivalent to the CO2 emissions from 7.4 new coal plants or the CO2 avoided from 15 gigawatts of wind power. The American Wind Energy Association reports that 12 gigawatts of wind power are currently under construction – more than any time in history.

The policy stability offered by the Renewable Fuel Standard – with a gradual ramping up of renewable fuel targets year by year – created the market certainty needed to foster the private sector investment in these innovative new fuels. With the proposed rule, the EPA is changing the rules in midstream, replacing market certainty with uncertainty, and making it very difficult for additional U.S. cellulosic ethanol facilities to secure financing and investor support. If the United States continues on this course, future investments in advanced biofuels will increasingly shift to Asia, South America and Europe.

This is precisely what the oil companies want. In fact, after the EPA proposal was announced, the Big Five oil companies reaped a [\\$23 billion windfall in a single day](#). The companies' stock prices soared four times faster than the Dow Jones Industrial Average or the S&P 500 during that same period. Just this week, the Center for American Progress reported that the big five oil companies have \$68 billion in cash reserves and have been the largest recipient of federal tax breaks, subsidies, and other government supports over the past century.

The question comes down to whether we want to rely more on foreign oil, or more on clean, renewable American made biofuels. Do we want more U.S. jobs – or more jobs overseas? Indeed, a recent economic analysis performed by John Dunham & Associates makes clear the benefits that renewable fuels have for our country's economy -- driving \$184.5 billion of economic output, supporting 852,000 jobs and \$46.2 billion in wages, while generating \$14.5 billion in tax revenue each year. The report also details these sizable economic [benefits for every U.S. state and congressional district](#).

Finally, an accurate assessment of the climate impacts of transportation fuels requires rigorous analysis of the lifecycle carbon impacts of biofuels. Unfortunately, EPA continues to rely on outdated analysis from 2007 and an archaic view of some commercial biofuels. The 2007 analysis does not take into account the significant improvements that have been made in recent years to reduce the energy consumption and greenhouse gas emissions from feedstocks and from renewable fuel production. For example, the land use changes predicted by EPA's modeling simply have not materialized. We encourage your Administration to revisit its lifecycle analysis of these biofuels and ensure EPA is using the best available data and information.

We urge you to reconsider the EPA proposal and the methodology for reducing the volumes -- and allow the commonsense, bipartisan Renewable Fuel Standard to continue working as intended to create American jobs, promote American innovation, cut our reliance on foreign oil, and reduce harmful carbon pollution.

Sincerely,

ABENGOA BIOENERGY

