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**W**ith uncertainty in Congress, a sputtering economic recovery and startlingly cheap gasoline, one could make the case that this is hardly the time to be pouring scarce resources into alternative fuels.

During Labor Day weekend, which still should have been a peak period for fuel prices, we saw gasoline costs dropping in some highly traveled East Coast corridors to well below \$2.50 per gallon. Add to that the difficulty in finding investment dollars — either through private sources or depleted state and federal government coffers — and the pro-petroleum and free market crowd point to this as a natural market correction. They contend oil prices are, in fact, more likely than not to remain reasonable. Even as oil was spewing into the Gulf of Mexico, they were saying no need to pay for or require renewables; it simply doesn't make sense.

### Depending on others

The other side of that coin is to challenge the notion that paying predominately hostile foreign countries for the privilege of importing their petroleum is hardly a cause worth celebrating. At almost any price, we're still pumping billions of dollars into economies other than ours, losing jobs, stifling technology and creativity, and generally making a huge mistake.

Even if gasoline were free, if foreign suppliers cut off the 70 percent of our supply we currently import, the U.S. economy — and security — would be crippled in days.

As the most successful biofuel, and certainly the most successful alternative fuel in U.S. history, ethanol is at a critical juncture in its history. Is ethanol at its peak? Has it run as far as possible? Or is this just the beginning? Is ethanol poised to lead the way as we replace 30, 40 or 50 percent or more of our oil usage? I like to think the best is yet to come. I hope by the time you read this we've answered these questions as a result of discussions taking place throughout the Obama Administration and Congress.

### Ethanol underappreciated

It's worth noting, however, that ethanol is clearly the Rodney Dangerfield of the energy world. The late comedian's lament, "I don't get no respect," applies. All ethanol has done is:

- Displace 10 percent of the gasoline consumption in the United States
- Create a flow of billions of dollars of capital investment here at home
- Reduce hundred of millions of tons of hazardous air pollution
- Create hundreds of thousands of jobs across the country
- Open the door to a new wave of technology that can provide food, fuel, power and bio products.

Despite this impressive resume, ethanol gets no respect outside of its own circles. Confused and uninformed environmentalists find themselves teaming with petroleum interests to demand that ethanol and other bio-fuels be 50 to 60 percent better than the petroleum products they're replacing.

Failure to meet this completely arbitrary standard will result in continued dependence on petroleum. This would be like turning down a raise unless it is 50 to 60 percent. It's like someone offering to reduce your rent and refusing it because it's not enough.

Preposterous? Well, that's exactly the situation we face with the requirements in the Renewable Fuel Standard (RFS). We can produce only a certain amount of ethanol from corn to meet the RFS due to an arbitrary and punitive cap of 15 billion gallons due to concerns over corn supply, food costs and environmental impacts. In reality, we have plenty of corn as we are growing more using less land. We can convert that corn with minimal energy, water and chemical inputs. The 2008 run-up in grain and food prices proved to have had nothing to do with ethanol production.

Rather than limiting corn ethanol, we ought to be looking to produce even more. Emerging technologies using biomass power sources and other combinations indicate corn, sorghum and other products could easily achieve a 50 percent or greater reduction in greenhouse gases. Consequently, there's great interest in reassessing feedstock limitations and requirements and establishing more of a performance standard. If

# Biofuels at a crossroads

## Will we ever get serious about getting off oil?



so, American agriculture could play an even bigger part than now in terms of supplying clean, renewable fuels.

## Legislation is key

But Congress giveth and Congress taketh away. Without a new energy bill this year, we won't have an opportunity to correct either the inconsistencies in the tax code or the approach we take to displacing petroleum. We continue to see great interest in electric vehicles and, to a lesser extent, natural gas. It's a song we've heard for the past 20 years, but it's still far from a commercial reality.

Even optimistic estimates from the automobile industry and the Department of Energy foresee 600,000 electric vehicles by the year 2015. We have 8 million flexible fuel vehicles capable of operating on as much as 85 percent ethanol on the roads right now! With millions more rolling off assembly lines, flex-fuel vehicles burning ethanol can do more to achieve energy, economic and environmental goals than all the other alternatives combined.

That's not to say that we don't need other alternatives, but biofuel technologies are here now and we need to deploy them. We must have access to the market. While the 10 percent ethanol market penetration figure is impressive, it still leaves well over 100 billion gallons of gasoline that we could replace.

## Advocates are active

The Clean Fuels Development Coalition is working with numerous organizations to modernize our approach to biofuels to include a reduced — but continued favorable — tax treatment combined with a program to facilitate the transition to these biofuels via even more flex-fuel vehicles and, importantly, flex-fuel pumps. With only 2,000 E85 and blender flex-fuel pumps out of 200,000 total, our work is cut out for us.

We certainly make no apologies for the fact that biofuels have a lower tax rate than petroleum. Why wouldn't they? Why would we

want to tax clean-burning, job-creating domestic fuels at the same rate as dirty, largely imported, nonrenewable petroleum products?


Gaining access to the market currently controlled by the petroleum industry is the first step. Along with others, we're proposing a modified tax credit that includes a check-off type provision to make sure monies go to a dedicated fund to improve our refueling infrastructure. Many ethanol proponents feel strongly that given access to the market and with flex-fuel vehicles to put the fuel in, ethanol can compete with petroleum and give consumers a choice.

## Pushing for policies

By the time you read this, Congress may have passed new energy legislation. But energy is a complex and evolving issue. Whether we have new legislation or not, we need to stay on top of our energy situation, modify old bills and pass new ones.

Unfortunately, we tend to avoid the fundamental law of keeping it simple. Energy bills with complex cap and trade or efficiency requirements — included because of climate change — have bogged down the system for years, which is why we haven't passed a bill.

The tide is beginning to turn, however. The sometimes ill-advised "green" requirements passed at the state level conflict not only with neighboring states but with federal requirements. Governments at all levels are reassessing programs as it becomes clear that going green is not cheap. Policies including environmental protection can be successful and profitable, but kick-starting them often requires huge tax breaks and financial assistance. At this point, that's simply not practical.

Consequently, we may see scaled-down energy bills that take a more realistic approach. From our perspective, building on the success of biofuels over the past several decades should be a centerpiece as we move forward. 

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Can we lessen our dependence on oil? If we have access to the markets and the proper tools provided by Congress, yes.

