



COMMITTEE ON
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Lamar Smith, Chairman

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Statement of Environment Subcommittee Chairman Jim Bridenstine (R-Okla.)
The EPA Renewable Fuel Standard Mandate: A Ten Year Review of Costs and Benefits

Chairman Bridenstine: Good morning and welcome to today's joint hearing of the Environment and Oversight subcommittees, examining the Renewable Fuel Standard. Today, we will hear from witnesses on the cost and environmental impact of this complex and misguided mandate, as well as the future consequences if Congress does not take action.

The RFS is an example of the federal government picking winners and losers by forcing the use of renewables in transportation fuels. The mandate was supported by a bipartisan coalition, the ethanol industry, and environmental organizations, and justified by claims of environmental benefits and enhanced U.S. energy security.

Unfortunately, but not surprisingly, eight years after the current RFS was expanded by Congress as part of the Energy Independence and Security Act of 2007, these promises have yet to materialize. Congress designed the RFS using flawed projections about gasoline consumption, availability of renewable fuel infrastructure, bio-refinery technology, and the market demand for renewable fuels. In almost every category, these projections do not reflect today's energy market.

Today, demand for gasoline is significantly lower than was forecast when the RFS became law. A sluggish economy and improvements in vehicle energy efficiency continue to hold down gasoline consumption. And technology advancements have unlocked our domestic resources of oil and gas to an extent that was not anticipated when the RFS was designed.

Incorporating renewable fuels was supposed to deliver environmental benefits. But time and again, researchers – including one of our witnesses today – have found that corn ethanol produced to meet the RFS makes air quality worse, and has higher life cycle emissions than gasoline.

And while corn-based fuel ethanol production, supported by the requirements of this standard, has grown substantially since EISA became law, the advanced biofuels and cellulosic ethanol industries expected under the RFS still aren't ready for primetime.

The RFS is an egregious perversion of the free market. Instead of a transportation fuel market driven by consumer demand, we are stuck with a complex mandate based on outdated assumptions about gasoline demand, environmental impact, and technological readiness. Each year, the RFS requires still higher volumes of renewable fuel which now exceed the volumes that can be accommodated given current gasoline demand.

The RFS mandate is unworkable even with EPA's dubious assertion that E15 can safely be used in select vehicles, even though most vehicles were designed to use E10, gasoline containing not more than 10 percent fuel ethanol. This is on top of the simple fact that consumers do not want these fuels. Just 0.5

percent of what HollyFrontier, a merchant refiner with facilities in my district, sells are products greater than E10. One half of one percent!

And because the ethanol blending volumes required under law are impossible to meet with the current production levels of E10, E15, and other higher level ethanol blends, including E85, refiners are left at the mercy of uncertain annual waivers from the EPA to keep the mandatory blending volumes at achievable levels – when EPA even bothers to follow the law and announce annual requirements on time. Refiners have had to file lawsuits to get the EPA to do their job and announce the annual blend levels, which is patently absurd. Congress cannot continue to sit back and leave the EPA to manage the consequences of an unrealistic and poorly crafted law.

So what is the end result of this confusing mandate? American consumers are stuck with higher prices across the economy. The mandate has already increased prices at the pump, and if the RFS is enforced as enacted, the Congressional Budget Office estimates that E10 fuel prices could increase by 15 percent or more by 2017.

By increasing demand for corn, the RFS also distorts commodity prices, raising the cost of food for American families. We will hear testimony that the RFS costs the chain restaurant industry \$3.2 billion a year in higher food prices, which must be passed on to consumers, our constituents.

The federal government's RFS mandate has led to multiple negative consequences, propelled by willful disregard for consumer preferences and flawed economic and environmental assumptions. Demand for fuels with blends of ethanol greater than E10 is very limited, even in the most favorable market conditions. And more corn ethanol hasn't helped the environment, reduced costs, or encouraged the development of commercial scale advanced biofuels.

Federal mandates are the wrong approach to fueling innovation, and the RFS is a prime example of the elites Washington, DC believing they know best, imposing a misguided standard, then standing back while it damages our economy.

I want to thank our witnesses today for testifying on the challenges the RFS has created in today's energy market, and I look forward to a discussion about the consequences caused by the federal government's intervention in the American energy market.

It's time for Congress to fix the problems caused by this outdated and ill-conceived law, and pass legislation to repeal the RFS.

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