

COMMITTEE ON
**SCIENCE, SPACE, AND
TECHNOLOGY**
CHAIRMAN LAMAR SMITH



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Statement of Oversight Subcommittee Chairman Barry Loudermilk (R-Ga.)
The EPA Renewable Fuel Standard Mandate

Chairman Loudermilk: Good morning everyone. I would also like to welcome and thank all of our witnesses for being here today.

The Renewable Fuel Standard (RFS) was established in 2005, with the signing of the Energy Policy Act, and expanded significantly in the Energy Independence and Security Act of 2007. At that time, gasoline consumption was on the rise, America's reliance on foreign oil was increasing, and renewable fuels were just starting to become an option for consumers. In drafting the RFS, Congress projected that gas prices and consumption would increase, and established increasing requirements for incorporating renewable fuels into the transportation fuel supply.

But today's energy market is remarkably different than what Congress projected in the RFS. Gas consumption has declined, and technology has opened the door to an abundance of domestic oil and gas. While production of renewable fuels has increased, and blended fuels are more widely available to consumers, the refining capacity and market demand for transportation biofuels projected in the RFS simply does not exist. Instead of a large increase in renewable fuel production to match RFS targets, refiners must navigate a complex fuel credit system, buying or trading for Renewable Identification Credits or RINs to show that enough biofuels have been produced to meet RFS requirements. Since biofuels aren't produced at adequate levels, the EPA must continually waive the production volumes required in the law, causing uncertainty for producers and consumers.

As fuels with higher blends of ethanol – like E15 and E85 – are introduced into the fuel supply in order to meet the RFS mandate, the law can even cause confusion for consumers. While fuels with ethanol content higher than 10% are approved for use in newer vehicle models, mid-level ethanol blends can damage small engines, like lawnmowers, boats and motorcycles, and are not approved for these uses by the EPA. Adding fuels with higher blends of ethanol to more gas stations around the country may help meet the RFS requirements, but it offers nothing more than a nuisance to regular Americans, as more gas stations have to sell fuels that they can't even use. And consumers with vehicles that are compatible with E15 often choose lower blends of ethanol, or fuel without any biofuels, due to the lower performance of fuels with a higher percentage of biofuels. Simply put, the RFS mandates the sale of fuels with low demand. The federal government has no business mandating the sales of fuels that many Americans don't want to buy.

And while the EPA projected significant environmental benefits from an increased use of biofuels, the fuel efficiency and lifecycle emissions for biofuels are in direct contrast to EPA's projections. So the American people are stuck with a law mandating less-efficient fuels that are more damaging to air quality than gasoline.

It's time for Congress to make a change. When existing law is unworkable, Congress must listen to stakeholders, and adjust the law as it is needed. Our hearing today will examine some of the challenges to complying with the RFS in today's market. As economic conditions change, Congress must evaluate the laws it creates and adjust mandates to reality. I hope that this hearing will bring to light some of the unintended consequences of the RFS, and provide guidance to lawmakers as we decide the future of this law.

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