February 20, 2013

The Honorable Sheldon Whitehouse
Co-Chair
Bicameral Task Force on Climate Change
Chairman
Subcommittee on Oversight, Senate
Environment and Public Works Committee

The Honorable Henry Waxman
Co-Chair
Bicameral Task Force on Climate Change
Ranking Member
House Committee on Energy and Commerce

Dear Senator Whitehouse and Congressman Waxman:

Thank you for the opportunity to respond to your request for information regarding climate change solutions. In recent months, you may have heard the mantra that the U.S. is on the verge of becoming energy independent – that is a very incomplete picture. Today, the U.S. remains the top global consumer of oil, using almost 20 million barrels a day. Our nation's continued reliance on oil ensures not only that the U.S. transportation sector will remain greenhouse gas intensive, but also that American families and our economy will continue to be burdened by the high and volatile prices of the global oil market in addition to the national security challenges that come with oil dependence.

EPA reports that the greenhouse gas emissions attributed to transportation accounted for about 32 percent of U.S. CO_2 emissions from fossil fuel combustion in 2010, with nearly 65 percent of those emissions stemming from gasoline consumption for personal vehicle use. We simply cannot address climate change if we do not reduce our consumption of oil regardless of whether that oil comes from inside or outside of our nation's borders.

Regardless of how much oil we drill at home, the price that American families pay at the pump and the cost of transportation fuel throughout our economy is dictated by global markets that are manipulated by foreign nations and external forces like OPEC. The International Energy Agency reported in its World Energy Outlook that oil prices will continue to rise in the coming years, reaching $125/barrel (in year-2011 dollars) by 2035 (over $215/barrel in nominal terms).

On February 4, the Energy Information Administration (EIA) reported that American families paid the highest percentage of household income for gasoline expenditures that they have paid in nearly three decades. We are using less gas per mile as vehicle efficiency has increased - yet we are still paying more.

The good news is that a national policy is already in place to steadily reduce our dependence on oil. All Congress needs to do is stay the course. In 2007, President Bush signed into law a 15-year roadmap designed to drive investment in renewable fuel and bring new products to market – the Renewable Fuel Standard (RFS). The policy is working. The regulations implementing the RFS weren't complete until 2009, and yet renewable fuel has already displaced petroleum in 10 percent of our gasoline supply, with 13 billion gallons in 2012.

That production supported jobs for, and employed, more than 380,000 Americans, while reducing the need for imported oil by more than 462 million barrels. In 2012, using renewable fuel slashed greenhouse gas emissions by 33.4 million metric tons. That's equivalent to removing 5.2 million cars and pickups from the road in one year - comparable to the number of registered vehicles in the entire state of Michigan.

If left intact, the RFS can do even more to reduce oil in our transportation fuel supply and bring increasingly low carbon alternatives to market. The RFS sets forth ambitious targets through 2022 for the production of cellulosic and advanced renewable fuel that meet specific minimum thresholds of lifecycle greenhouse gas emissions reductions ranging from 20 to 60 percent, depending on the type of fuel.

These targets, intentionally set to be ambitious, have driven billions of dollars of investment in the sector. Facilities like INEOS in Vero Beach, Florida and KiOR in Columbus, Mississippi, representing several hundred million dollars of investment in the United States, are poised to begin production of renewable fuel from wood and municipal solid waste. Several other world class plants are under construction, including an Abengoa plant in Hugoton, Kansas, a POET-DSM facility in Emmetsburg, Iowa, and a DuPont plant in Nevada, Iowa, all of which will use agriculture residues. These are clear examples of the maturation of the industry, which is steadily increasing its production capacity.

Unfortunately, in the face of this success, the RFS is under attack. Embedded interests like the oil industry have launched a campaign to scrap the policy.

The RFS provides exactly the type of long-term, regulatory stability that is required to send a signal to investors. The single most important thing Congress can do to reduce our nation's dependence on oil and cut greenhouse gas emissions is to leave the RFS in place, as is. We are just 1/3 of the way through the timeline Congress laid out in 2007 – we must stay the course or risk losing the progress we've made. We look forward to working with you in the coming year to ensure that our mutual goals are achieved.

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