



**Agriculture, Nutrition, and Forestry Committee
Subcommittee on Rural Development and Energy
United States Senate**

**Hearing on
USDA Rural Development Programs and their Economic Impact Across America**

Testimony of

**Monte Shaw
Executive Director, Iowa Renewable Fuels Association**

April 6, 2016

Good morning, Chairman Ernst, Ranking Member Heitkamp, and Members of the Subcommittee. My name is Monte Shaw and I am Executive Director of the Iowa Renewable Fuels Association (IRFA), a stand-alone, state-level trade association representing Iowa's biodiesel and ethanol producers. I appreciate being asked to testify this morning and I hope to show that renewable fuels have been – and remain – one of the best tools available to promote rural development. Further, I intend to show that several USDA programs have been useful tools in leveraging advances in renewable fuels, but that more could be accomplished if some straight-forward changes are made.

With 43 ethanol biorefineries capable of producing more than 4 billion gallons annually, 12 biodiesel production facilities capable of producing 315 million gallons annually, and three cellulosic ethanol plants with a combined annual production capacity of nearly 55 million gallons, Iowa is the nation's premier renewable fuel producer. Iowa is also the largest producer of both corn and soybeans in the U.S.

According to a recent IRFA-sponsored study, the renewable fuels industry has the following impacts on Iowa's economy:

- Accounts for more than \$4.6 billion, or about 3.5%, of Iowa GDP;
- Generates \$2.3 billion of income for Iowa households; and
- Supports more than 43,000 jobs through the entire Iowa economy.¹

Though these economic numbers were down a bit from previous years due to reductions in the Renewable Fuels Standard and federal policy uncertainty, renewable fuels continue to be a

¹ <http://iowarfa.org/wp-content/uploads/2016/03/EconImpactFactSheet.160304.pdf>

strong economic driver for the state. Therefore, Iowa has a great deal at stake when it comes to USDA rural development programs and IRFA is uniquely suited to comment on their impact.

The Multifaceted Benefits of Renewable Fuels

My role here today is to discuss the economic impacts of renewable fuels on rural America. However, it is worth taking a moment to review the multifaceted benefits of renewable fuels far beyond economics and rural America.

Renewable fuels help lower consumer fuel prices. By expanding overall fuel supplies and replacing higher priced blendstocks, renewable fuels put downward pressure on the prices that consumers pay at the pump.

According to recent Energy Information Administration data, U.S. ethanol production hovers just under one million barrels per day and is on pace to well exceed 15 billion gallons for 2016.² This represents more than 10 percent of U.S. gasoline demand. Some in the petroleum industry try to downplay this impact, but could you imagine if – heaven forbid – a weather or geopolitical event knocked offline 10 percent of America’s gasoline production? The impact on fuel prices would be swift and brutal. Some have even tried to suggest that ethanol is no longer needed because gasoline demand hasn’t grown according to the forecasts made 10 years ago. Certainly the “Great Recession” had an impact on gasoline demand, but as the economy regains its footing, gasoline demand has increased rapidly. In fact, none other than the American Petroleum Institute reported that in February of this year “gasoline demand rose to a new all time [sic] record for the month as drivers took advantage of the low prices.”³

Numerous academic studies over the last several years have detailed the impact of renewable fuels on fuel prices. Keeping to my Iowa roots, I’ll reference a study done in 2012 by economists from Iowa State University and the University of Wisconsin for the Center for Agriculture and Rural Development (CARD). The study found that ethanol reduced wholesale gasoline prices by \$0.29 per gallon on average over multiple years and can save motorists over \$1 per gallon during times of high crude oil prices.⁴

However the most important, and least understood, aspect of ethanol’s cost-savings stems from the fact that ethanol (with the exception of E85 blends) is used as an octane enhancer.⁵ Using ethanol instead relying solely on petroleum-based octane sources reduces costs – even if ethanol prices were above base gasoline prices. Researchers from the Department of Agriculture and Consumer Economics at the University of Illinois noted on February 3rd that “ethanol appears to

² https://www.eia.gov/dnav/pet/pet_pnp_wprode_s1_w.htm

³ <http://www.energyglobal.com/downstream/refining/18032016/API-reports-record-gasoline-demand-rise-in-petroleum-demand-for-February-2796/>

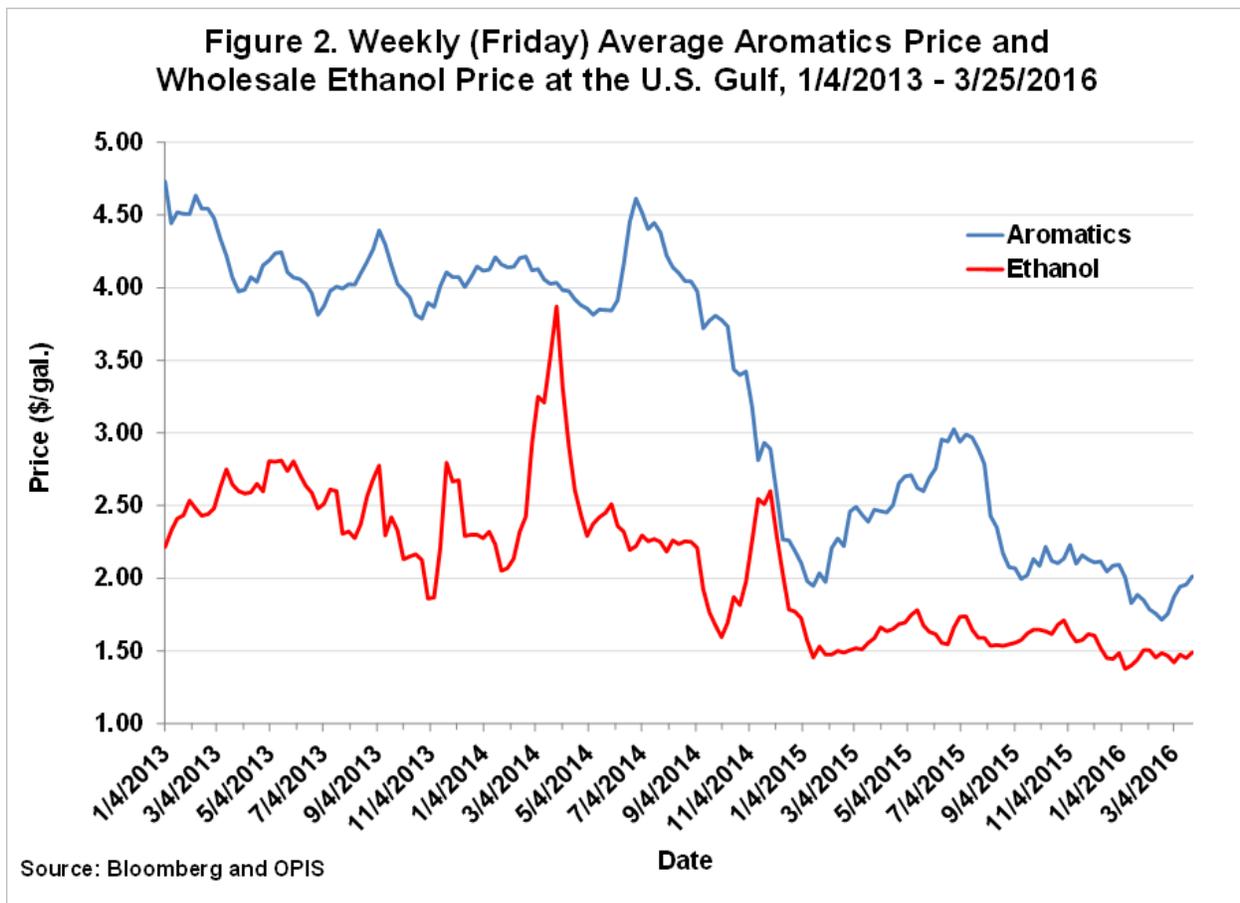
⁴ <http://www.card.iastate.edu/publications/dbs/pdffiles/12wp528.pdf>

⁵ <http://www.eesi.org/papers/view/fact-sheet-a-brief-history-of-octane>

have retained its position as the low cost octane enhancer even as ethanol prices have increased relative to gasoline prices.”⁶

Since that Feb. 3rd report, crude oil prices have rebounded from around \$33 per barrel to around \$40 per barrel.⁷ To help with my testimony today, the University of Illinois researchers graciously updated their aromatics vs. ethanol price chart to reflect the available data as of this writing. As expected, ethanol’s economic advantage as an octane enhancer rebounded along with higher crude prices, now at roughly 50 cents per gallon.

With permission, I have reproduced the FarmDoc Daily aromatics vs. ethanol price chart below.



The researchers correctly note that there are some scenarios where this relationship may not remain – in the case of a short corn crop, for instance. But it should also be noted that crude oil price spikes, and the resulting price impacts on petroleum based octane components, have occurred with much greater frequency than meaningfully short corn harvests. Further, one must

⁶ Irwin, S. and D. Good. "[The Competitive Position of Ethanol as an Octane Enhancer.](#)" *farmdoc daily* (6):22, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, February 3, 2016.

⁷ <http://www.bloomberg.com/quote/CL1:COM>. One-year price series.

consider that the petroleum industry does not simply have 15 billion gallons of aromatics laying around in storage. If, and I stress if, ethanol prices ever eclipsed aromatic prices by a meaningful margin for a timeframe sufficient to encourage substitution, there would be a sharp upward pressure on the price of aromatics that could likely maintain the attractiveness of ethanol.

The petroleum industry has spent considerable money to fund convoluted studies questioning the simple fact that renewable fuels lower fuel prices. They twist logic into a pretzel in an attempt to “explain” that expanding the fuel supply with lower-cost alternatives actually increases fuel costs. Even though this “logic” stretches the credulity of most motorists, it has found a cheering section in the anti-renewable fuel Members of Congress. Therefore, to cut through all the academic jargon on both sides, I will borrow the official slogan of the state to Iowa’s south, “Show Me.”

The photo below was taken on March 18, 2016, at the Kum & Go convenience store located at 5225 NW 86th Street in Johnston, Iowa. For those not familiar with Iowa, Super Unleaded is how most Iowa fuel retailers describe 87-octane, E10 (10 percent ethanol blend). In other words, Super Unleaded in Iowa is the “standard” fuel purchased by most consumers nationwide. It typically costs 30 to 40 cents per gallon less than the non-ethanol 87-octane fuel available at many Iowa fuel retailers. (In Iowa, the non-ethanol blend is labeled simply “Unleaded.”)



Source: IRFA staff photo, March 18, 2016

However, as you can see in this photo, Kum & Go has made additional ethanol blend options available to its customers. E15 (15 percent ethanol blend) is available for vehicle model years 2001 and newer. Consumers choosing E15 – just 5 percent more ethanol than normal – save an additional 10 cents per gallon compared to E10. E85 (85 percent ethanol blend) is available for those driving flexible fuel vehicles. Those consumers can save a whopping 45 cents per gallon.

Clearly, adding ethanol to petroleum fuel lowers its cost – even at a time of relatively cheap crude oil.

Renewable fuels reduce harmful emissions. It is helpful to think of renewable fuels as a form of solar energy. Energy from the sun is utilized to produce corn, soybeans, biomass and other renewable fuel feedstocks. From an environmental standpoint, this is essentially “free energy” because the sun was going to shine whether we produced renewable fuels or not. Obviously, there are energy and other inputs into producing, transporting, and processing feedstocks into finished renewable fuels. Yet, even when these are factored in, renewable fuels are strikingly positive for the environment.

Biodiesel is an important lubricity agent in low-sulfur diesel. Further it reduces emissions of particulate matter (PM), carbon monoxide (CO), and hydrocarbons (HC).⁸ Finally, according to the latest study, biodiesel has the largest positive fossil energy balance of any commercial fuel. For every unit of fossil energy used to create biodiesel from soybean oil (full life cycle), biodiesel yields 5.5 units of energy.⁹

Ethanol reduces tailpipe emissions of fine particulate matter (PM), carbon monoxide (CO), and toxics.¹⁰ As mentioned in the previous section, if ethanol were not blended with gasoline to increase octane, aromatics and other petroleum components would be used. Nearly all of these components, such as benzene, toluene and xylene, are highly toxic and known human carcinogens (in addition to being more costly).

Improvement in both corn and ethanol production have led to an ever increasing positive fossil energy balance for ethanol. According to the latest research from USDA, for every one fossil energy unit used to produce corn ethanol (full life cycle), ethanol returns 2.3 units of energy.

The positive fossil energy balance of biodiesel and ethanol are at the heart of why everyone, from the EPA in its Renewable Fuel Standard (RFS) program to the State of California in its Low Carbon Fuels Standard (LCFS) program, has certified that renewable fuels lower greenhouse gas (GHG) emissions compared to petroleum fuels. Further, the footprint of renewables is improving every year while the footprint of petroleum is getting worse.

Renewable fuels boost U.S. energy security.

Much has been made of recent gains in U.S. production of unconventional crude oil. When done appropriately, this development is certainly an American success story that has profound impacts on the economy and U.S. national security. However, despite heated messaging from the petroleum industry, this development does not erase the fact that crude oil prices are driven by a foreign cartel, which includes many countries unfriendly to the U.S. And while U.S. imports of foreign oil have gone down, they have NOT ended. In fact, net petroleum imports accounted for 24% of petroleum consumed by the U.S. in 2015.¹¹ If you back out U.S. exports of crude oil, the import number jumps considerably higher. In fact, the most significant area of reduced dependence on foreign fuel sources is found in the reduction of finished gasoline imports. In

⁸ http://www.afdc.energy.gov/vehicles/diesels_emissions.html

⁹ <http://www.usda.gov/oce/reports/energy/EnergyLifeCycleSoybeanBiodieseI6-11.pdf>

¹⁰ http://www.ethanolrfa.org/wp-content/uploads/2015/09/nec_whitten.pdf

¹¹ <http://www.eia.gov/tools/faqs/faq.cfm?id=32&t=6>

2005, the U.S. imported nearly 220 million barrels of finished gasoline. Last year, that number dropped to around 25 million barrels – or roughly 11% of the 2005 high.¹²

During that time, ethanol use expanded dramatically under the Renewable Fuel Standard (RFS). Therefore it would be a mistake to overlook the impact of renewable fuels on energy security even in the aftermath of the advances in shale oil production. Ethanol supplies important octane to the fuel supply not easily replaced by domestic oil. And while renewable fuels production continues to grow, every barrel of oil consumed –whether conventional or shale or tar sands – is one less barrel of oil that exists. We cannot escape the fact that fossil fuels are finite.

The Impact of Renewable Fuels on the Rural Economy

Returning to the topic at hand, a review of the last 35 years clearly demonstrates that the development and growth of renewable fuels has been one of the major driving forces in the rural economy, and a case can be made that renewable fuels are the most important force in the rural economy. This statement in no way diminishes the importance of livestock, exports, or manufacturing to rural economies. Further, I am very excited about the possibilities for renewable products beyond fuels. But in my lifetime, nothing has had the impact of renewable fuels on the rural economy.

Forests could be felled printing out all of the USDA statistics and economic reports to back up my point, but I am neither an economist nor a researcher. I am, however, a farm boy from southwest Iowa – I grew up not too far from the Chairman – whose consciousness of the wider world began just as the boom times of the late 1970s turned into what would become known as the Farm Crisis of the 1980s. I remember the farm auctions, the curses directed at local bankers, the plywood going up on main street store windows, and yes, even the suicides resulting from foreclosures of family farms.

Farm bills were enacted, value-added agriculture became the new buzz word, and towns fought for any chance to diversify their local economy with a small manufacturing plant. The crisis bottomed out and things stabilized. Through it all, farmers did what they always do – they fed the world.

As time passed, the rest of the country began to rave about the new “information economy” and marveled at internet start-ups of the 1990s. I remember the 1990s in small town Iowa differently. In most respects, the economic boom of the 1990s bypassed rural America. The rural economy really didn’t get better. About the best you can say is that the rural economy wasn’t getting worse like it did in the 1980s. However, while we didn’t know it at the time, seeds of change for rural America that had been planted during the oil embargoes of the 1970s were at long last beginning to germinate. As an Iowan, it pains me to admit that this germination was occurring primarily in Minnesota. With the help of innovative state policies, Minnesota farmers and investors were in the process of proving that smaller scale, dry mill ethanol plants could function and make economic sense.

¹² <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MGFIMUS1&f=A>

As we entered a new millennium, a new factor entered the picture. The same petroleum industry that had brought us leaded gasoline to improve octane, chose MTBE as its clean air additive-of-choice in the 1990s. After only a few years of MTBE use, states were discovering that when underground tanks leaked, MTBE was contaminating groundwater. What made MTBE “special,” however, was that it made water smell and taste horrible with only the slightest contamination – only a few parts per billion. While scientists and petroleum lobbyists argued over the science of whether MTBE was a human carcinogen, millions of Americans were faced with a simple fact: they could not stand to drink or bathe with the water pouring from their faucets, given its disgusting smell and taste.

Large states like California and New York were taking action to ban MTBE. (For full disclosure, it was at this time that I first began working on behalf of the ethanol industry.) Corn growers and ethanol proponents kicked into high gear to demonstrate that ethanol could cost-effectively replace MTBE on the coasts. Supplying those markets led to the first sizable burst of ethanol plant building. And while the impact on communities where those plants were located was phenomenal, it did not yet reach the national stage. With lawsuits mounting, the petroleum industry desperately wanted to end the oxygenate requirement from the 1990 amendments to the Clean Air Act. The ethanol industry did not want to give up on a policy that promised to drive growth and environmental improvements. Thus “The Great RFS Compromise” was born.¹³

The oxygenate requirement was eliminated (although petroleum interests also sought liability protection from MTBE lawsuits, which was not included in the final bill) and the original Renewable Fuel Standard was created to take its place.¹⁴

Passage of the RFS in 2005 provided a level of certainty for growth in the ethanol industry that had never been seen before. Investors and farmers reacted quickly. At one point there were more gallons of ethanol capacity under construction than were in operation. It was during this time that the ethanol industry’s impact on the rural economy, not just select communities, began to emerge and be felt. Simply put, the growing ethanol industry kept pace with growing corn yields and production.

For the first time since the 1970s, rural America entered a sustained period where farmers made planting decisions based on the market, not a Farm Bill program. To try to explain this, I created the chart below to gain a high-level look at corn production cost vs. price trends according to USDA data. What the chart shows is striking. From 1981 through 2005 (the year the original RFS was enacted), the national average cost to produce a bushel of corn was *higher* than the national average price a farmer received for that bushel of corn in 22 of the 25 years. In other words, for 25 years the average corn grower was in the red and relied on the Farm Bill to make them whole. The result was depressed farm income, high costs borne by taxpayers for Farm Bill programs, and rural economic doldrums.

The expansion of the ethanol industry changed all that, and did so rapidly. With the implementation of the RFS, the American farm economy went on an amazing eight-year run of prosperity – what some observers have called the best eight contiguous years in the history of

¹³ <http://ethanolproducer.com/issues/browse/47>

¹⁴ <https://www.congress.gov/bill/109th-congress/house-bill/6>

American agriculture. From 2006 to 2014, the average price of a bushel of corn was higher than the average cost to produce it. The growing demand for ethanol had finally provided the sponge necessary to soak up excess supplies of corn. As a result, we saw a strong rural economy help power many states through “The Great Recession,” while farm income and production across the globe set new highs.

I think it can be fairly stated that no other effort or endeavor to improve farm income and rural economies coming out of the Farm Crisis made the impact that renewable fuels did. It went beyond an isolated boost to a single community or region. Renewable fuels transformed the entire rural economy for the better.

Then, in late 2013, the Obama Administration shocked the industry by proposing RFS levels far below statutory levels. The breaks on ethanol production and rural prosperity had been hit, and hit hard. 2014 witnessed a return to corn prices below the cost of production (on average) and the economic fallout was predictable, immediate and painful.

[Note: Historic corn price vs. production chart appears on following page.]

**National Corn Statistics:
Average Cost of Production vs. Average Price Per Bushel**

Year ¹	Cost per Acre ²	Yield ³	Production Cost per Bushel (calculated)	Average Price per Bushel ³	Below Cost Differential (calculated)	
2015	\$676.66	168.4	\$4.02	\$3.65	(\$0.37) *	
2014	\$689.80	171.0	\$4.03	\$3.70	(\$0.33)	RFS Paused
2013	\$676.45	158.1	\$4.28	\$4.46	\$0.18	
2012	\$653.57	123.4	\$5.30	\$6.89	\$1.59	
2011	\$613.46	147.2	\$4.17	\$6.22	\$2.05	
2010	\$550.20	152.8	\$3.60	\$5.18	\$1.58	RFS
2009	\$550.70	164.7	\$3.34	\$3.55	\$0.21	
2008	\$529.38	153.9	\$3.44	\$4.06	\$0.62	
2007	\$443.97	150.7	\$2.95	\$4.20	\$1.25	
2006	\$409.74	149.1	\$2.75	\$3.04	\$0.29	
2005	\$386.88	147.9	\$2.62	\$2.00	(\$0.62)	
2004	\$377.50	160.3	\$2.35	\$2.06	(\$0.29)	
2003	\$354.41	142.2	\$2.49	\$2.42	(\$0.07)	
2002	\$334.31	129.3	\$2.59	\$2.32	(\$0.27)	
2001	\$348.53	138.2	\$2.52	\$1.97	(\$0.55)	
2000	\$378.32	136.9	\$2.76	\$1.85	(\$0.91)	
1999	\$364.73	133.8	\$2.73	\$1.82	(\$0.91)	
1998	\$362.86	134.4	\$2.70	\$1.94	(\$0.76)	
1997	\$363.73	126.7	\$2.87	\$2.43	(\$0.44)	
1996	\$353.94	127.1	\$2.78	\$2.71	(\$0.07)	
1995	\$333.42	113.5	\$2.94	\$3.24	\$0.30	
1994	\$321.47	138.6	\$2.32	\$2.26	(\$0.06)	
1993	\$287.10	100.7	\$2.85	\$2.50	(\$0.35)	
1992	\$302.33	131.5	\$2.30	\$2.07	(\$0.23)	
1991	\$292.55	108.6	\$2.69	\$2.37	(\$0.32)	
1990	\$292.52	118.5	\$2.47	\$2.28	(\$0.19)	
1989	\$284.89	116.3	\$2.45	\$2.36	(\$0.09)	
1988	\$262.57	84.6	\$3.10	\$2.54	(\$0.56)	
1987	\$244.57	119.8	\$2.04	\$1.94	(\$0.10)	
1986	\$243.12	119.4	\$2.04	\$1.50	(\$0.54)	
1985	\$277.01	118.0	\$2.35	\$2.23	(\$0.12)	
1984	\$289.02	106.7	\$2.71	\$2.63	(\$0.08)	
1983	\$258.45	81.1	\$3.19	\$3.21	\$0.02	
1982	\$270.86	113.2	\$2.39	\$2.55	\$0.16	
1981	\$278.60	108.9	\$2.56	\$2.50	(\$0.06)	

Footnotes

* first 5 months of marketing year

1 Corn Marketing Year

2 USDA Economic Research Service:
<http://www.ers.usda.gov/data-products/commodity-costs-and-returns.aspx>

3 USDA National Agricultural Statistics Service:
<http://quickstats.nass.usda.gov/>

The Current State of the Rural Economy

An old and all-too-accurate joke in farm country is: “if you give a farmer a market, he’ll over-produce it.” The hard work and productivity of the American farmer is much more than a cliché to be bandied about every four years during the Iowa caucuses. It is a statistical fact. Even with a growing world population and increasing worldwide middle classes demanding higher amounts of grain-intensive meat in their diets, the American farmer continues to overproduce the market. Ending stocks for the 2015 marketing year (which ends August 31, 2016) are projected to be over 1.8 billion bushels, the highest since the RFS was implemented.¹⁵ If Mother Nature cooperates, the USDA projects those ending stocks will increase to nearly 2 billion bushels the following year.¹⁶

The last two years have seen a dramatic downturn in the health and outlook of rural America. Corn prices have plummeted below the marginal cost of production,¹⁷ land values have fallen for two straight years,¹⁸ farm income plunged 38% in 2015 and is forecast to drop again in 2016,¹⁹ agribusinesses²⁰ have laid off²¹ workers²² by the thousands,²³ and tax revenue generated in Midwest states for both state and federal governments has dropped.²⁴

During a 2015 presentation to the Kansas City Federal Reserve Agricultural Symposium, Purdue University economist Mike Boehlje warned that “farmers need to batten the hatches now if they want to survive.” Purdue University’s study forecasts “revenue per acre falling below the cost of production each year from 2014 to 2017 for Midwest corn and soybean producers.” Those most at risk are “young, beginning farmers who don’t have a land base.” Boehlje also noted that 25 percent of farm equipment dealers went out of business in the 1980s and he predicted “we will see another washout in dealers in the next two to three years.”²⁵

The monthly Creighton University Rural Mainstreet Index survey (March 2016) of bank executives found that farmland prices had fallen by 6.7 percent over the last year, farm equipment sales declined to record low levels, and that farm loan defaults are expected to rise over the next 12 months.²⁶

¹⁵ <http://www.worldofcorn.com/#us-corn-ending-stocks>

¹⁶ <http://www.agweb.com/article/usda-brace-for-big-ending-stocks-naa-alison-rice/>

¹⁷ <http://www.extension.iastate.edu/agdm/crops/html/a1-20.html>

¹⁸ <http://www.card.iastate.edu/land-value/2015/>

¹⁹ <http://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast.aspx>

²⁰ <http://thegazette.com/subject/news/business/deere-company-announces-layoffs-more-than-550-coming-in-waterloo-20150123>

²¹ <http://www.desmoinesregister.com/story/money/2016/02/12/dupont-pioneer-job-cuts-climb-175-since-merger-plan/80282102/>

²² <http://www.desmoinesregister.com/story/money/2016/03/10/deere-continues-layoffs-cutting-125-workers-ankeny-dubuque/81600250/>

²³ <http://www.thegazette.com/subject/news/business/kinze-manufacturing-lays-off-215-20150624>

²⁴ <http://www.desmoinesregister.com/story/news/politics/2015/10/13/iowa-revenue-forecast-slashed-121-million/73882744/>

²⁵ <http://northernag.net/AGNews/AgNewsStories/TabId/657/ArtMID/2927/ArticleID/4863/Time-to-Batten-Down-the-Hatches.aspx>

²⁶ <https://www.creighton.edu/economicoutlook/mainstreeteconomy/>

Today, as farmers look toward the future, it is more often with angst than with optimism. And yet, being farmers, they will carry on. Quitting simply isn't in a farmer's DNA. But they could use some help. Farmers would embrace the chance to again farm for the market. As in the past, there are many factors that can impact this, but renewable fuels still stand out clearly as the best option for making a quick and meaningful impact for farmers and rural America.

Unleashing Renewable Fuels to Boost Rural Economic Development

I do not come before you as an expert in every aspect of USDA's rural development programs or every nook and cranny of the the Energy Title of the Farm Bill. But I did conduct a survey of Iowa's renewable fuels producers regarding these programs and some definite themes emerged.

The first universal theme to emerge was praise for the Farm Bill Energy Title. There is a clear perception that these programs are well-intentioned and have made a positive difference. The phrase "we are thankful for the programs" cropped up several times. All subsequent comments on the Energy Title programs should be viewed through this prism – there is strong support for the programs from the renewable fuels family.

The second universal theme to emerge was that the Energy Title programs provide a massive return on the investment. With funding of only \$109 million in FY2015,²⁷ billions in private investments have been leveraged and thousands of projects have moved forward making a real, positive difference in people's and communities' lives. Economic development has occurred, environmental emissions have been reduced, and energy security has been enhanced. And all for less than the \$116 million cost of one F-35C fighter jet.²⁸ In Iowa, we call that pretty good bang for the buck.

The third universal theme that surfaced is that the effectiveness and impact of these programs is dramatically reduced by a lack of consistent and timely funding. The current Farm Bill cut many of these programs from previous levels. Yet, the cuts didn't stop there. Almost every appropriations cycle or omnibus spending bill makes further cuts to what was supposed to be mandatory spending. I can say with certainty that rural America knows that Congress needs to get its fiscal house in order. Ag groups stepped up and worked with Congress during the debate on the current Farm Bill and brought forward changes that saved billions. I'm not aware of a single other instance of that happening. And how is the one group that stood up, acted in good faith, and worked to cut the cost of their programs treated? Well, it seems the first place Congress looks to cut additional money when they want to pay for something new is crop insurance or the Energy Title.²⁹

The funding issues undercut the impact of the Energy Title in more than the obvious way. Of course, when funding is cut it results in less research and development, innovation grants, and commercialization loan guarantees. But programs also need a critical mass of funding to be

²⁷ <http://www.eesi.org/papers/view/issue-brief-obama-fy2017-budget-proposal-sustainable-energy-buildings-trans>

²⁸ https://en.m.wikipedia.org/wiki/Lockheed_Martin_F-35_Lightning_II

²⁹ <http://www.eesi.org/articles/view/house-appropriators-seek-deep-cuts-to-environmental-farm-and-renewable-ener>

effective and the funding needs to be timely. One innovative ethanol producer in Iowa who has used, or tried to use, many of the Energy Title programs noted: “I think USDA has some very useful programs...If there is a way to be sure there is always funding certainty to the programs, they will be more useful.” The company went on to say: “From a practical point of view, ‘get it done’ companies will not wait around for a program to be funded...” And I think we can agree the point of these programs is to help the “get it done” companies reshape rural economies through innovation and investment.

Funding is one vital area where Congress must take responsibility. This is not an agency or bureaucracy problem. Folks in Congress who care about rural America need to push appropriators and leadership to properly fund these programs and to stop using them as a cash reserve when some other need arises. That might have been tempting to do during the 8 years of profitable commodity prices and rural economic expansion, but we are well into the second year of a severe rural economic downturn. As work begins on the next Farm Bill, Energy Title programs should be a priority and funding levels should meet the needs and opportunities in rural America. The bleeding must be stopped.

Specifically, both an ethanol and a biodiesel company in Iowa sought to use the **Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program** (section 9003) when traditional sources of credit had soured on renewable fuels. But lack of funding and funding over a long enough period to “prove out” the new technologies held back the projects. More recently, it appears that the funding cycle has gotten better, and at least one Iowa ethanol plant utilized the program, noting: “The experience was good. It was slow and patience is needed.” They also noted that program rules require the plant to be operational before funding is made available. It is difficult for some of the new, innovative projects to put in all of the equity up front. Often they must resort to extremely costly financing, which can prevent a project from ever reaching operational status. I understand that the funds must be used wisely and not wasted. However, it would seem there might be ways to bridge this gap with the achievement of certain benchmarks by a producer to secure some assistance prior to full-scale operations. I will note that several plants are eyeing this program for future innovations that will require large capital expenditures to commercialize. So the interest in this program remains strong despite some of these challenges. Therefore, finding ways to smooth out some of these bumps could have a meaningful and positive impact on rural economic development. And while I represent renewable fuel producers, there is increasing interest in adding renewable chemicals and products to the mix. Some of this will occur at existing facilities. But some of this will occur in “over the fence” and truly standalone settings. We should make clear that these facilities can benefit from this program.

We have had plants inquire about the **Repowering Assistance Program** (section 9004). Yet the program hasn’t been funded, is restricted to biomass energy, and has grandfather and other problematic requirements. Why shouldn’t there be a discussion about reviving this program and opening it up to all forms of renewable energy? While we certainly support biomass energy sources, wouldn’t it also be a positive step forward if our renewable fuel biorefineries were powered by wind or solar energy as well?

The **Bioenergy Program for Advanced Biofuels** (section 9005) was a program vital to biodiesel producers during the early build out of that industry. More recently, funding restrictions have reduced the benefit of the program. According to plants, it takes “considerable paperwork and effort” and “significant time” in return for “a very small amount” of funding. With the commercialization of cellulosic ethanol, there is a new group of producers looking toward this program to help provide stability. It’s not just about cash flow, it’s about providing private sector investors and lenders with the confidence there will be a return on their investment so they will support full scale commercialization of new, advanced biofuels technologies.

When it comes to research and development for the bioeconomy, no state is prouder of its land grant university than Iowa. Iowa State University is at the cutting edge and its work can be boosted by the **Biomass Research and Development Initiative** (section 9008). And while university and government R&D is important, some of the innovations making the quickest impact on rural America are coming out of private business. We want to encourage you to ensure that this program continues to value the R&D being done by private companies. For example, a grant from this program enabled Quad County Corn Processors in Galva, Iowa to develop a unique process that converts corn kernel fiber into cellulosic ethanol. With quite a bit of inspiration and perspiration, Quad County went from being one of the nation’s smallest corn ethanol producers to the largest producer of cellulosic ethanol to date. Now they are working to spread their “Cellerate” technology to other producers.

One of the most anticipated Energy Title programs also elicited perhaps the most surprising responses from Iowa plants. In order to take renewable fuels to the next level and to expand its footprint in a meaningful way outside of corn and soybean country, we need cellulosic ethanol. Iowa is home to three cellulosic ethanol producers, two of which utilize corn stover as a feedstock. The **Biomass Crop Assistance Program** (BCAP, section 9010) was designed to help farmers bridge the gap in establishing dedicated energy crops, which can take several growing seasons to establish, and to perfect the harvest, transportation and storage of biomass (whether dedicated energy crops or crop residues like corn stover).

Any one driving near Emmetsburg or Nevada, Iowa, will see stacks of corn stover bales at the side of some farmers’ fields. Yet, one of the cellulosic producers does not utilize the BCAP program and the other says it is not really working. Many folks feel there has not been a consistent message from the USDA staff, but most of the problems go back to funding. There needs to be sufficient funding to incent farmers to change old habits and it must be timely. Rolling out the program in the early summer does not match the biomass cycle. The program needs to be rolled out by the end of a calendar year to ensure there is time to plan and contract with growers. I want to be clear about one more thing: the challenges and shortcomings of BCAP to date are not an excuse to quit on the program. BCAP will be a vital program in moving our nation toward advanced biofuels. Rather, folks need to roll up their sleeves and work together to make BCAP into the kind of game-changing program it was intended to be.

I saved the most popular program for last. The **Rural Energy for America Program** (REAP – section 9007) has been used by many types of entities in many ways. REAP provides support for a broad range of energy efficiency and renewable energy technologies that can benefit all ag

sectors in every state.³⁰ Renewable fuel projects have been a part of REAP. Biodiesel producers have received low-interest loans to make improvements. Ethanol producers have utilized REAP for projects, such as steam turbines to convert excess steam into electricity. According to my friends at the Environmental Law and Policy Center, REAP has also been outstanding at leveraging private investment – over \$170 million in Iowa alone and over \$2 billion nationwide.

REAP Awards, 2008-2015

Row Labels	IOWA	Total US
Total Project Awards	1,401	10,127
Total Grant Amount	\$30,286,723	\$314,603,320
Total Loan Guarantee Amount	\$49,019,975	\$413,053,232
Total Leveraged Amount	\$172,045,088	\$2,212,358,127

Source: Environmental Law and Policy Center

Despite that REAP has been funded closer to mandatory levels than many Energy Title programs, demand still outstrips funding. REAP also provides an example that improvements to Energy Title programs can occur if Congress takes an active interest. For example, in the early days of REAP, after compiling 18 inches of documents for a REAP loan guarantee, one Iowa biodiesel producer was awarded a \$5 million loan after being initially approved for a \$20 million loan. Stories like this prompted Congress to demand streamlined procedures from USDA, and they were adopted in the last Farm Bill. Since that time, folks report a good overall experience with REAP.

Before I go on, I'd like to note that the previous comments on the Energy Title programs are shaped by the feedback I received directly from Iowa renewable fuels producers. While I did not want to put anyone on the spot by attributing names today, IRFA would be happy to work with any interested Senators or staff to facilitate further conversations regarding any of the comments summarized above.

There is one more thing that needs to be said about REAP. If you remember nothing else I've said today about the Energy Title programs, please remember this. The fourth universal theme that I heard from Iowans was that Congress should restore the ability to use REAP to incent renewable fueling infrastructure.

Within the realm of REAP there are no prohibitions, save one. Under the current Farm Bill, REAP is statutorily forbidden from funding blender pumps or other renewable fueling infrastructure. Given all of the programs in the Energy Title to help increase the production of renewable fuels, it may seem odd to you that helping create demand opportunities for renewable fuels would be singled out for prohibition. How this occurred is a sad chapter in the history of Congress and power politics.

Starting in 2011, the USDA successfully utilized REAP as a tool to help retailers expand their fueling options with higher ethanol blends. Almost immediately the petroleum industry and their supporters in Congress moved to squash this. As work began on a new Farm Bill, IRFA

³⁰ <http://farmenergy.org/wp-content/uploads/2014/03/FarmEnergySuccessStories2014-FINALweb.pdf>

contacted the Iowa delegation and the leaders of the Senate Agriculture Committee to state that REAP funding for blender pumps was our number one Farm Bill priority. Yet, when it came to the House-Senate conference committee on the Farm Bill in 2014, I have been told the House came with one non-negotiable for the Energy Title – stop funding blender pumps through REAP. I was not in the room. I cannot vouch that this is accurate, but I was told that by several people close to the negotiations.

Imagine that, out of everything in the Farm Bill Energy Title, killing the blender pump program in REAP was the number one priority for the House. In the end, the House prevailed and the blender pump prohibition went into effect – the only specified prohibition of any Energy Title program to my knowledge.³¹ I remember being amazed and disgusted at the same time, considering how far the petroleum industry will go to protect their near monopoly over our fuel supply. I have no illusions that petroleum's power and influence in Congress has waned. Yet, this is a fight worth fighting. Giving consumers the choice to make their own fuel decisions at the pump is vital to a more competitive fuel marketplace and to boosting production of advanced (and traditional) renewable fuels. Allowing the natural demand that exists for renewable fuels to be acted upon by consumers may very well do more to boost rural economic development than the rest of the Energy Title combined.

Rural Economic Development Opportunities Beyond the Current Energy Title

As recognized leaders on agricultural issues in the Senate, you can engage in several other areas to promote renewable fuels and rural economic prosperity both in and outside your direct jurisdiction. Let me mention a few areas on which any friend of rural America should focus.

USDA's Biofuel Infrastructure Partnership

After blender pumps were singled out for discrimination in the REAP program, USDA moved last year to incent blender pumps through its Commodity Credit Corporation (CCC) with a new **Biofuel Infrastructure Partnership** (BIP) program. Cost-share funds were awarded to states,³² and states have been busy working with retailers eager to diversify their fuel options. Iowa recently awarded the last of its \$5 million in BIP funding. In Iowa, 213 blender pumps and 24 underground storage tanks will be installed at 73 sites by 20 companies to provide consumers with access to higher blends of ethanol through the program.³³ It is not just the Midwest. Retailers and consumers across the country want greater access to low-cost, higher ethanol blends – Colorado, Florida, Louisiana, North Carolina, Virginia, and even Texas to name a few.³⁴

The overwhelming response to the BIP program utterly destroys the false petroleum industry narrative that retailers don't want to sell and consumers don't want to buy higher ethanol blends.

³¹ <http://www.reuters.com/article/usa-agriculture-farmbill-biofuel-idUSL2N0L32EX20140129>

³² <http://www.usda.gov/wps/portal/usda/usdahome?contentid=2015/05/0157.xml>

³³ <https://governor.iowa.gov/2016/03/branstad-reynolds-northey-announce-second-round-of-funding-awards-for-%E2%80%9Cfueling-our-future>

³⁴ <http://www.fsa.usda.gov/programs-and-services/energy-programs/bip/>

In a predictable response, petroleum's forces in Congress are already attempting to prevent the USDA from continuing the BIP program.³⁵ While you may not be able to turn back the clock and restore blender pump programs to their rightful place in REAP, surely you can prevent the same mistake from happening again. As leaders of the Senate Agriculture Committee for rural development and energy, we implore you to fight this latest move by the petroleum forces to prevent consumer choice and market competition.

The Renewable Fuel Standard

The single most important policy impacting rural economies is the Renewable Fuel Standard (RFS). By leveraging access to the marketplace for renewable fuels, the RFS unleashes pent up demand for agricultural commodities and boosts rural income. The RFS is so impactful that many ag leaders think it may have eclipsed even the Farm Bill in determining the future of rural America.³⁶

The RFS works because Congress crafted it to allow market forces to accomplish its goal of increasing competition in the fuels arena. There is no one path for compliance. Different parties can take different paths – blending renewable fuels, acquiring credits from those who do, and other contractual arrangements. Meanwhile the RFS credits serve as a huge incentive for retailers to make renewable fuel options available to consumers. And when consumers have options, they choose low-cost renewable fuels.

The large petroleum companies and their trade associations continue to focus their efforts on creating the myth of a “blend wall.” They seek to create the image of a physical barrier that simply cannot be surmounted in a timely fashion. This is false. The only physical barrier to the greater use of renewable fuels is the inability of the average motorist to pull up to a fuel pump and choose from various fuel options.

This restriction on competition is not the result of consumer preference, equipment availability, or renewable fuel supply. Iowa retailers have had great success with higher ethanol blends like E15 and E85, when they are allowed to sell it. Customer demand is high. Contrary to the blatantly false claims that a “blend wall” exists, even more motorists would buy E15 and E85 if it were simply available for them to choose.

In a poll by the Tarrance Group, when asked if they would consider using E15 if they owned a 2001 and newer vehicle and it was cheaper than E10, an overwhelming 70 percent of respondents said yes. Seventy-six percent of these respondents said they would drive out of their way to buy E15 to save between 5 and 10 cents a gallon if their usual station did not offer E15.³⁷

Here in Iowa, one of the largest retailer chains, Kum & Go, recently made a commitment to add E15 to many of its stores over the next year – and we're seeing E15 being adopted by other large retailers in other states as well.

³⁵ <http://brownfieldagnews.com/2016/02/26/vilsack-goodlatte-debate-biofuels-policy/>

³⁶ <http://energy.agwired.com/2012/02/28/rfs-may-top-farm-bill-in-importance-to-corn-growers/>

³⁷ <http://iowarfa.org/2015/09/low-cost-e15-now-available-in-iowa-again/>

Noting that customers can save 5 to 10 cents per gallon with E15 (compared to E10), Kum & Go's Vice President of Fuels Jim Pirolli noted: "It offers the sustainability component that aligns with our company strategy and also aligns with our strategy to offer customers a great value and great quality product."³⁸

Research conducted by the convenience store industry found "consumers are A-OK with E15 Fuel." Research showed that if E15 is priced 5 cents less than E10, 49 percent of consumers said they would likely buy E15, while a 10-cent difference would entice 60 percent of consumers to purchase E15 over E10.³⁹

While this polling and these exciting project announcements should help EPA understand the growth potential for higher blends if made available to the public, what can we actually expect in terms of sales? To answer that, IRFA contacted a number of retailers offering higher blends. Based on their responses, it is clear: there is no "blend wall." If consumers are simply given a choice – retailers, obligated parties, and our Nation as a whole will have no problem reaching the statutory RFS levels in 2016. But more than that, they'd be meeting the ultimate RFS standard for 2022.

The U.S. EIA currently projects 188 billion gallons of gasoline and diesel to be used in 2022. If the RFS goal of 36 billion gallons of renewables was realized (and factoring in biodiesel's RIN equivalent), the 2022 RFS level would be around 18 to 19 percent.

Fuel Time in St. Ansgar, Iowa takes advantage of low-priced E85 in its blender pump to offer E10, E15, E30, and E85. They also offer E0 (no ethanol) to their customers. Even with 10% of their sales going toward E0, their average ethanol content is 34.6 percent.

Fast Stop in Cresco, Iowa offers five levels of ethanol blends through its blender pumps with an average ethanol content of 43.5 percent. Five Star Coop reported that its three blender pump locations averaged an ethanol content of 23.7 percent. These three cases studies are representative of Iowa blender pump stations. All not only exceed the 2016 statutory RFS level, but the 2022 RFS level as well.

You would be hard pressed to find a retailer with a blender pump offering E15 and E85 not meeting that level today. If they also offer biodiesel blends, their own "station RFS" would be even higher. There is no "blend wall." There is only a lack of consumer access to higher ethanol blends – a challenge the RFS was specifically implemented to remediate.

Biodiesel is making strong inroads in the diesel market as well. A recent study conducted by the trucking industry shows biodiesel is now the most commonly used alternative fuel option on the market. According to the survey, 18 percent of fleets currently use biodiesel, up 3 percent from last year.⁴⁰

³⁸ <http://www.cspnet.com/print/csp-magazine/article/csp-fuel-fuel-forward-thinking>

³⁹ <http://www.csnews.com/node/87845>

⁴⁰ <http://www.biodieselmagazine.com/articles/921423/biodiesel-no-1-alternative-fuel-choice-for-fleet-owners>

Echoing their false narrative for ethanol, some in the petroleum industry have tried to suggest there is a “blend wall” for biodiesel as well. The facts paint another picture entirely. Iowa-specific data, courtesy of the Iowa Department of Revenue, demonstrates the remarkable growth in availability and use of higher biodiesel blends in our state over the past few years.

Since 2010, when the expanded RFS went into effect, both biodiesel production and biodiesel sales in Iowa have soared, multiplying by a factor of roughly four and a half. Biodiesel production has jumped from 48 million gallons in 2010 to 242 million gallons in 2015,⁴¹ while total B100 sales in Iowa have expanded from 7.4 million gallons in 2010 to 37.5 million gallons in 2015. In addition, biodiesel-blended gallons in Iowa have increased from 239.8 million gallons in 2010 to 342 million gallons in 2015, a 43 percent jump.

Even more remarkable is the growth in the average blend level of biodiesel-blended gallons sold. In 2010, the average blend level of biodiesel-blended gallons sold in Iowa was 3.1 percent. By 2015, the average biodiesel blend level in Iowa had jumped to 11 percent – a level that simply could not have been reached without selling a significant amount of B11 and B20.⁴²

We urge you to strongly oppose any congressional effort to undermine the RFS, and to encourage the EPA to implement the RFS in accordance with statute.

End E15 Regulatory Discrimination

Since the approval of E15 as a registered fuel, the IRFA has focused on making this new fuel widely available so Iowans have access to another fuel choice and the lowest-cost registered fuel on the market. In addition to being approved by the EPA for all light-duty passenger vehicles 2001 and newer (which accounts for over 80 percent of the U.S. passenger vehicle fleet), there are more vehicles on the road today expressly warranted by the manufacturer for the use of E15 than there are flexible fuel vehicles, diesel vehicles, or vehicles requiring premium fuel. E15 clearly has the potential to become a large market for renewable fuels very quickly.

Despite large petroleum companies using restrictive branded supply contracts that either outright prohibit the sale of E15 or make it too cumbersome or costly to offer a non-petroleum-controlled product, the largest obstacle to our efforts to make E15 widely available has been the inability for a retailer to offer E15 year-round. The summer blending restrictions have been the breaking point for several potential E15 retailers.

The ability to offer E15 year-round as a registered fuel (as opposed to offering it to only flexible fuel vehicles during summer months) is a serious issue. Retailers who have switched from offering E15 as a “flex-fuel only” to a registered fuel have seen their E15 sales increase by 93 percent. Many Iowa retailers are seeing E15 capture 27 to 47 percent of their total fuel sales during the “winter” season.

Without access to low vapor pressure blendstock during the summer, the sale of E15 in states like Iowa (conventional gasoline areas) is essentially prohibited as a registered fuel. During this

⁴¹ <http://iowarfa.org/2016/01/iowa-biodiesel-production-breaks-record-in-2015/>

⁴² https://tax.iowa.gov/sites/files/idr/2014%20Motor%20Fuel%20Retailers%20Gallons%20Annual%20Report_0.pdf

time, E15 sales plummet. As an example, a retailer in northern Iowa has vigorous E15 sales during the fall and winter; however, during the summer blend season his E15 sales decline by 72 percent.

Retailers are unnecessarily losing revenue and also incurring the additional expense of re-labeling their registered E15 to sell it as a flex-fuel during the summer months. This is followed by a barrage of inquiries from customers who want to know why they can no longer purchase E15 for their 2001 and newer vehicle. Consumers want more choices and a consistent type of fuel to use in their vehicles all year. Fuel retailers want to meet their customers' needs, but are hampered by EPA's flawed policy that failed to equalize RVP limits for E10 and E15.

With motorists wanting more affordable, American-produced fuel choices, blending more ethanol in gasoline can be done, despite oil companies' statements to the contrary. Equalizing E15 and E10 RVP limits in the summer would enable E15 to become the "new normal" in the U.S. fuel market, boosting ethanol demand by 50 percent.

An infographic from the American Coalition of Ethanol on the following page tells one Iowa retailer's story of overcoming petroleum industry roadblocks to offer E15 to his customers, only to be thwarted by convoluted RVP regulations during the summer.

POWER BY PEOPLE

“MY CUSTOMERS WANT E15 FUEL, BUT EPA IS TYING MY HANDS”

Charlie Good

Owner

Good & Quick Companies

Charlie Good is an ASE-certified mechanic who has owned a gas station for more than 30 years.

Until recently he was tied to an oil company contract limiting the types of fuel he could sell.

When Charlie broke free from the contract restrictions and began selling E15, it became one of his best sellers.

“My customers love E15,” says Charlie. “There’s no way I’d ever go back to an oil company that ties my hands.”

But now EPA is restricting Charlie from selling what his customers want. During the busy summer driving season, Charlie and other retailers aren’t allowed to sell E15 because EPA refuses to update an obsolete emissions regulation.

Charlie’s customers prefer E15 because it has fewer emissions and costs less than gasoline. It’s time to let Charlie sell what his customers want.

Bipartisan legislation is pending in Congress to allow station owners like Charlie to sell E15 year-round.

STAND WITH CHARLIE
SUPPORT S.1239 AND HR 1736

ethanol.org



Charlie
GOOD & QUICK
& Auto Service



Retailers do not want to restrict the sale of E15 during the summer or take the blame for denying their customers an affordable fuel choice. But until the RVP limits for E10 and E15 are equalized, retailers are becoming the scapegoats for flawed federal policy. IRFA urges you to support and enact S.1239 to equalize the vapor pressure regulations for E10 and E15 as soon as possible.

Support Flexible Fuel Vehicles

Ironically, just as blender pumps are starting to spread rapidly across the country, some auto makers are starting to reduce their production of flexible fuel vehicles (FFVs) capable of operating on any blend of ethanol from zero to 85 percent. In a rule making, the EPA removed a long-standing credit for automakers to produced FFVs. Consumers can stand up for FFVs by going to FlexMyChoice.com. We urge members of this subcommittee to work with EPA, USDA and the automakers to maintain a commitment to FFVs.

The Fuel of the Future

Earlier I reviewed the performance of existing Energy Title programs. Asking “are these existing programs working” is always a good thing to do, but you should not stop there. It is also useful – even vital – to take a step back and ask a broader question: what are the most important opportunities for rural America in the future, and are USDA programs helping make these opportunities a reality?

Speaking for renewable fuels, there is a general consensus that our future, and the biggest impact on rural America’s future, lies with high-octane, mid-level ethanol blends. Research at national labs is already being conducted to determine the best blend level (E25 to E40),⁴³ and auto makers⁴⁴ have zeroed in on high-octane ethanol blends as the best way to meet more stringent CAFE standards.

Simply put, an engine designed for a high-octane fuel can be higher compression (more efficient) and smaller (down-sizing), while supplying equal or better performance with higher fuel economy. Ethanol blends are attractive because they are cheaper, and ethanol’s cooling effect in the engine cylinders allows for even greater compression than other fuels of the same octane.

However there is a classic chicken-or-the-egg dilemma holding back this fuel of the future. Automakers are reluctant to produce vehicles with engines dedicated to a fuel not yet widely available. To achieve the full benefits of the high-octane fuel, these vehicles would not be FFVs. So, to paraphrase a line from the movie *Field of Dreams*, should automakers build it and hope the fueling stations come?

A properly implemented RFS will expand consumer access to blender pumps, which could offer the necessary fuel. The USDA BIP program is helping build a nationwide higher-blend infrastructure. Some have suggested a two-step approach, where the first generation would be FFVs, not in the E85 sense, but at least to the extent where they can operate fine on E10 and

⁴³https://cleancities.energy.gov/files/u/news_events/document/document_url/158/CC_HOF_Webinar_Combined.pdf

⁴⁴ <http://www.greencarcongress.com/2013/04/e30-20130419.html>

achieve their highest performance on E30. Assuming this motivates retailers to add blender pumps, the second generation would be dedicated to E30 (or the E25 to E40 blend chosen).

With national labs engaged, and the RFS and the BIP program ongoing, I must admit that I do not come before you today prepared with an E30 action plan for this committee to adopt. Instead of an answer, I bring a question. Keeping in mind the impact of renewable fuels on the rural economy, asking how this committee and USDA can be more involved in the move to E30 is a useful exercise. IRFA and many other interested parties are ready to engage in that ongoing discussion with you.

Conclusion

I want to thank Chairman Ernst for inviting me to address this committee. I hope you have found it useful. I also want to thank the committee members for their dedication to rural America and their recognition of the role that renewable fuels play in boosting the rural economy. IRFA looks forward to working with you in the future to develop and implement policies that not only bring economic opportunities to rural communities, but help address the national priorities of economic growth, new jobs, cleaner air, and national security. Thank you.