

# RENEWABLE FUEL STANDARD



## Overview

For more than 20 years, the National Corn Growers Association (NCGA) has worked side by side with farmers, industry, and government to build the ethanol industry from the ground up. Through our groundbreaking efforts, corn farmers across the country and the ethanol industry have helped America move one step closer to energy independence. Our industry is also a major force in the revitalization of rural America by helping create green jobs and stimulating economic activity in rural communities. Corn farmers and the ethanol industry play a significant role in promoting both energy independence and a stable, prosperous U.S. economy. All this has been possible due in large part to the passage of the Renewable Fuel Standard (RFS) in 2005 and expansion in 2007. The RFS has been a remarkable success and has helped to promote cleaner, greener burning fuels while also helping America become more energy independent. We must protect the integrity of the RFS.

## Background

The RFS was created under the Energy Policy Act of 2005 (EPAct), which amended the Clean Air Act (CAA). Two years later, in 2007, Congress further amended the CAA by significantly expanding the RFS program by passing the Energy Independence and Security Act of 2007 (EISA). This is often referred to as “RFS2.”

The RFS was part of a comprehensive strategy implemented by Congress to reduce our country’s dependence on foreign oil, improve national security, reduce greenhouse gas emissions, and spur economic growth, especially in rural America. Under the program, oil companies are required to blend increasing amounts of renewable fuels with gasoline and diesel, culminating with 36 billion gallons of renewable fuels by 2022. By all measures, the RFS has been a huge success and has helped to generate jobs and sustain rural economies. Corn farmers strongly support the continued implementation of the RFS.

## How it Works

The RFS was intended to not only reduce the United States’ dependence on foreign oil, but also to reduce the amount of harmful greenhouse gases released into the environment. To achieve these important goals, the RFS sets mandatory levels of renewable fuels that must be blended into the fuel supply and establishes greenhouse gas (GHG) reduction criteria and a methodology for calculating lifecycle GHG emissions. According to EPA’s 2010 lifecycle GHG modeling, the use of corn-based ethanol would reduce GHGs by 21 percent compared to gasoline. However, more recent analysis found that GHG emissions for

corn-based ethanol are actually 43 percent lower than gasoline.<sup>5</sup> This USDA study is based on the actual performance of the ethanol industry and the U.S. farm sector over the past 10 years, rather than projections that informed previous studies. This study demonstrates that indirect land use changes have been lower than expected, both corn and ethanol production have become more efficient, and on-farm conservation practices have added GHG benefits – all contributing to a much lower GHG profile for corn-based ethanol, compared to gas, that will only continue to improve.

EPA is responsible for issuing annual regulations to ensure fuel sold in the U.S. contains the correct volume of renewable fuel. EPA is obligated to set the annual renewable volume obligation (RVO) for the upcoming year by November 30. After three years of regulatory uncertainty, NCGA was pleased EPA set the 2017 RVO at 15 billion gallons for conventional ethanol, in line with statute. Moving forward, we call on the EPA to keep the RFS on track by issuing the 2018 RVO on time and in line with the law, and ask Congress to maintain the RFS.

	2005	Today
<b>Corn Production</b> <sup>1</sup> (billions of bushels)	11.1	15.14
<b>Ethanol Production</b> <sup>2</sup> (billions of bushels)	3.9	15.33
<b>GHG Emissions by Gas</b> <sup>3</sup> (million metric tons of CO <sub>2</sub> )	7.4	6.7
<b>Crude Oil Imports</b> <sup>4</sup> (000s barrels/day)	10,126	7,880

(1) USDA, NASS, Crop Production 2016 Summary, January 2017. (2) Renewable Fuels Association, Ethanol Production through 2016. (3) U.S. Environmental Protection Agency, U.S. Inventory of GHGs and Sinks: 1990-2013. (4) U.S. Energy Information Administration, February 2017 Monthly Energy Review. (5) ICF prepared for USDA, A Life-Cycle Analysis of the Greenhouse Gas Emissions of Corn-Based Ethanol, January 12, 2017

# RFS

# KEY POINTS

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## THE RENEWABLE FUEL STANDARD:

- Has spurred economic growth for farmers and rural economies.
- Is the cornerstone of the renewable fuels economy that has emerged in rural America.
- Provides a dependable policy structure that assists in stabilizing markets and promoting new technological advancements in the biofuels industry.
- Has not had a significant impact on agriculture land use. The area planted to principal crops was lower in 2016 than in 2000. Changes in corn acres come from changes in the mix of crops planted, rather than an expansion of total cropland.
- Has not increased the price of gas or food, which are both declining. The price of corn is lower now than when the RFS was expanded in 2007.
- Is not a "mandate."
  - The EPA is tasked with regulating gasoline blends and what consumers put in their cars. This will continue to happen with or without a Renewable Fuel Standard.
  - The standards set by the EPA simply allows American-made products to be a part of our country's fuel supply.
  - We should be strengthening our commitment to renewable fuels, not backing down.

Moving forward, we call on the EPA and Congress to maintain the RFS and keep it on track. Doing so will bring much-needed stability to the marketplace, providing greater certainty for farmers and the industry while also spurring increased investment in renewable fuels.

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