

Iowa Renewable Fuels Association

RFS2: Holding Renewable Fuels to a Higher Standard?

**3rd Annual Iowa Renewable Fuels Summit
January 27, 2008**

What is an RFS?

- RFS = Renewable Fuels Standard
 - First federal RFS = 7.5 billion gallons by 2012
 - MTBE Removal and High Oil Prices Drove Ethanol Demand
 - Industry proved it could grow much faster
- Obligated parties (Big Oil) are required to use a minimum amount of renewable fuels each year



RFS 1 Schedule

■ Year	RFS	RFA Projected Capacity
■ 2006	4.0	5.3
■ 2007	4.7	7.5
■ 2008	5.4	11.3
■ 2009	6.1	13.4
■ 2010	6.8	
■ 2011	7.4	
■ 2012	7.5	



RFS 2

- RFS2 – Passed in late 2007
- New Congress Wanted to Push Renewable Fuels
- Much more aggressive target: 36 billion gallons by 2022
- “Carve Outs” to promote “better” biofuels
 - Advanced Biofuels
 - Biodiesel/Biobased Diesel
 - Cellulosic Ethanol



Last Minute Addition/Compromise

- Environmental Groups Lobbied for Greenhouse Gas (GHG) Reduction Targets
- First Ever GHG Reduction Requirements for Any Product/Industry in United States
- 36 Billion Gallon RFS Hung in Balance Over “Reasonable” GHG Targets
- Existing and Under Construction Plants “Grandfathered”



RFS2 Greenhouse Gas Reduction Requirements for Biofuels

- ❑ Biofuels Compared to 2005 “Average” Gasoline or Diesel (as applicable)
- ❑ Conventional Biofuels = 20% GHG Reduction
 - Corn starch ethanol
- ❑ Advanced Biofuels = 50% GHG Reduction
 - Anything other than corn starch
 - Biodiesel fits here
- ❑ Cellulosic Biofuels = 60% GHG Reduction



The Catch

- Overlooked or Misunderstood Provision
Threw a Curve Ball into Traditional GHG Lifecycle Analysis
- RFS2 Requires International “Indirect Land Use” to be Considered
 - Speculates that Biofuels Production in US Leads to Cultivation of New Land Elsewhere
 - Current Draft EPA and California Models Make Most Biofuels “High Carbon” Fuels



The “Unintended” Consequence

- 20/50/60% GHG Reduction Targets Look Quite a Bit Different with Indirect Land Use
- If Biofuels Don’t Meet GHG Targets They Are Effectively Excluded From the Marketplace
- No Similar Requirement for Gasoline/Diesel



NRDC Letter to US Senate

- Oppose any further funding for conventional corn or soy based biofuels.
- A broad array of recent science makes it clear that the vast majority of today's biofuels are produced in ways that cause more global warming pollution than conventional fuel.



So What Fills the Void?

- Biofuels Replace the Marginal Gallon of Gasoline/Diesel
- These Petroleum Gallons Come From Most Expensive Barrels of Crude Oil
 - Tar Sands
 - Heavy Oil
- These Petroleum Products Have Much Worse GHG Profile Than Baseline 2005 Fuels



Bottom Line

- Biofuels That Reduce GHG Emissions Will Be Kept Out of the Marketplace
 - Biodiesel 38% GHG Reduction
 - Cellulosic Ethanol with 48% GHG Reduction
- Petroleum Fuels with Higher GHG Profiles Are Allowed to Take Their Place Penalty Free
- Result:
 - More GHG Emissions
 - Less Domestic Fuels/Green Collar Jobs



The Solution

- Leave International Indirect Land Use Out of GHG Analysis...for now
 - Highly Speculative – No Scientific Consensus
 - Leads to Use of High Carbon Petroleum Products
- Give Time for Sound Science to Be Developed Before Dramatically – and Quite Probably Incorrectly – Changing Future of Biofuels Production/Use in U.S.

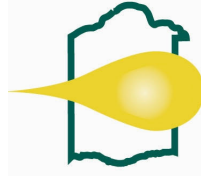


Web-Site & Contact Information

www.IowaRFA.org

515-252-6249

info@IowaRFA.org



Iowa Renewable Fuels Association

5505 NW 88th Street #100
Johnston, IA USA
50131-2948

Phone (515) 225-9242
Fax (515) 225-0781
E-mail info@iowarfa.org

