



December 16, 2009

The Honorable Lisa Jackson
Administrator
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

On behalf of the nearly 1 million grassroots individuals and employees represented by the 1500 member companies and organizations of the American Coalition for Ethanol (ACE), I write to express our appreciation for the U.S. Environmental Protection Agency's (EPA) consideration of the waiver request to permit up to 15 percent ethanol in gasoline pursuant to Section 211(f) of the Clean Air Act. ACE is the nation's largest ethanol advocacy association and was one of the groups to co-submit the original waiver request on March 6 of this year.

ACE has prioritized and researched the issue of higher ethanol blends for several years, beginning in 2005 with a fuel economy study of blends between "ethanol-free" unleaded and E30 and the disassembly of a non-flex-fuel Chevrolet Tahoe motor that operated for 100,000 miles almost exclusively on E85. Two years ago, in December 2007, ACE was the first biofuels advocacy group to convey to Capitol Hill how midlevel blends are needed to overcome the E10 blend wall with the unveiling of our "Optimal Blends" investigation. This study, sponsored in part by the U.S. Department of Energy, demonstrated the compatibility of and potential for blends beyond E10 in standard vehicles. This research also served as a catalyst for further studies needed to support the E15 waiver request, and the investigation's findings were used to help justify the E15 waiver request. Just days before the E15 waiver request was filed in March, ACE brought 30 of its grassroots members to DC for a "fly-in" and met with you and Members of Congress to communicate the importance of moving beyond the E10 blend wall. Nearly 7,000 people signed ACE's pro-E15 petition, signatures which were submitted to EPA during the public comment period.

In order to prepare petroleum marketers for the eventual sale of higher blends of ethanol in the transportation fuel market, we have launched a campaign, in partnership with the Renewable Fuels Association (RFA), National Corn Growers Association (NCGA) and several state corn grower organizations, called "Blend Your Own" (BYO) Ethanol. Our collaborative campaign works with petroleum marketers nationwide to answer their questions about blending ethanol and using blender pumps to offer more choices to their customers. Through BYO we offer a single source of ethanol information and technical expertise for petroleum marketers looking to upgrade equipment or begin offering more fueling choices to their customers.

Finally, ACE has also been working with the National Association of Convenience Stores (NACS), the Petroleum Marketers Association of America (PMAA), the Society of Independent Gasoline Marketers of America (SIGMA), and key Members of Congress to address liability concerns marketers may have when offering higher ethanol blends.

Given this history and commitment to midlevel ethanol blends, we stand ready to assist EPA in taking the next steps necessary to approve the use of higher blends of ethanol in motor fuel.

While ACE strongly preferred that EPA would have announced approval of the use of E15 in all motor vehicles on December 1, we also recognize the Agency was under extraordinary pressure from special interests that oppose biofuels to reject the waiver outright. In the letter dated November 30 explaining EPA's decision, we are very gratified that the Agency refuted these critics of ethanol, affirming ACE's long-held position, saying that "it is clear that ethanol will need to be blended into gasoline at levels greater than the current limit of 10 percent." This statement and others contained in your response encourage us that the approval of up to E15 is inevitable – a matter of when, not if. Nevertheless, ACE has identified practical challenges associated with the direction that EPA appears to be heading and we want to address those concerns in this letter.

We are confident EPA understands that significant scientific data supports the use of E15. In fact, EPA's letter states that "our engineering assessment to date indicates that the robust fuel, engine, and emission control systems on newer vehicles (2001 and newer model years) will likely be able to accommodate higher ethanol blends such as E15." Yet, it is clear there will be challenges to implementing a rule that approves E15 for only 2001 model year and newer vehicles, and many groups, both supporters and opponents of the waiver, have pointed this fact out to EPA. We recognize the Agency will initiate a process and establish a working group to examine labeling issues, and we also understand that this group will be internal-only (EPA, not outside stakeholders), but we would like to follow up with your staff to provide more information about our concerns about dividing the car pool and what steps we would recommend that EPA take with respect to labeling and consumer awareness. With regards to labeling, our initial primary concern would be to ensure labels are informative rather than inflammatory. If a labeling program is to be implemented, the label should not be a "warning" label as was prevalent at the roll-out of E10. There is a significant difference in consumer perception between a label which states "For use in 2001 and Newer Vehicles," as opposed to one which states "Do Not use in vehicles manufactured before 2001," or even worse "May cause damage to older vehicles." We urge EPA to take special consideration to ensure labeling, if implemented, is done correctly.

The Agency's letter also refers to an ongoing study of 19 vehicles that is examining the long-term effect of blends such as E15 on catalyst durability. EPA noted that the data on 12 of those cars will be available at the end of May 2010, and that based on those results, you may be in a position to approve up to E15 in newer (2001 and newer) vehicles. Can the Agency clarify for ACE and others the model years and other basic information concerning these 12 vehicles? Further, our research indicates that about 50 percent of the cars on the road today are 2001 or newer in terms of model year. Can EPA verify or clarify what you understand this percentage to be? After this pending testing has been completed, we encourage EPA to convey in the strongest terms possible that these tests prove that station owners and motorists can have confidence that E15 will have no adverse effects on the operation or durability of equipment and vehicles.

EPA's announcement was silent regarding the issue of using up to E15 in non-road engines (i.e. small engines, boats, etc). ACE strongly advocated in our original comments to EPA that the waiver request and law give the Agency the flexibility to approve E15 for motor vehicles and to let small engine and boat owners continue to choose E10 or "ethanol-free" gasoline if that is what they prefer. Can the Agency provide additional guidance concerning what you plan to do about non-road engines?

If EPA approves the use of E15 in newer vehicles by mid-year 2010, it will be a step in the right direction, but ACE will continue to note that the data supports the use of E15 in all vehicles. It has been pointed out that the data available to date does not contain any "showstoppers" regarding the use of E15 in vehicles older than the

2001 model year. Surely we can all agree that if the data supports the use of E15 in all vehicle engines, than dividing the vehicle fleet will only cause unnecessary confusion for motorists and complications for petroleum marketers.

Further, it is ACE's strong contention that E15 should not be the highest and final mid-level blend of ethanol permitted to be used in the motor fuel supply. Ultimately we need to provide a range of choices for consumers. Lurching from the E10 blend wall to the E15 blend wall to the next blend wall is unintelligent and unsustainable. Instead, ACE advocates for consumers to be able to use E10, E15, E20, E30, E85, or "ethanol-free" gasoline and we believe that when consumers are finally given these meaningful choices through blender pumps, they will select the fuel that works best in their vehicles.

That is why ACE will continue to work very aggressively over the next several months to enact legislation introduced in the U.S. Senate by Tom Harkin (D-IA) and Dick Lugar (R-IN) to provide more incentives for the installation of blender pumps and to require the production of more flexible fuel vehicles (FFVs). Their bill, S. 1627, dubbed the "Choice Act," seems compatible with the Obama Administration's goals for biofuels and we strongly encourage the Administration to endorse this important legislation.

In closing, the nation depends upon you and the EPA to ensure that the President's goals for expanding the development and use of renewable, homegrown biofuels are realized. It is our hope that EPA will work without delay toward the approval of E15 in all vehicles in the short-term, and become more aggressively engaged in helping the Administration support a "choice" platform in the long-term that will benefit consumers and that will foster greater energy security for America, the creation of high-skill, high-wage green jobs in the biofuels sector, and progress toward a clean energy economy.

We look forward to continuing to work with you and your staff on the issues addressed in this letter. Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Jennings". The signature is fluid and cursive, with a large initial "B" and a long, sweeping tail.

Brian Jennings, Executive Vice President
American Coalition for Ethanol (ACE)

cc: EPA Assistant Administrator Gina McCarthy
Director of the EPA Office of Transportation and Air Quality Margo Oge
Director of the White House Office of Energy and Climate Change Policy Carol Browner