

Governors' Ethanol Coalition

February 15, 2001

The Honorable George W. Bush
The Honorable Richard Cheney
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20502

Dear President Bush and Vice President Cheney:

Our coalition believes it is essential for your Administration to include domestically produced ethanol as an integral element in the national energy policy now under development.

Your strong endorsement of ethanol during the presidential campaign and the six-year participation as a member of the Governors' Ethanol Coalition has strengthened our resolve to encourage and promote policy support for renewable fuels as the 107th Congress deliberates this year.

We agree with Senator Frank Murkowski's proposition that it is time to reform outdated regulation and articulate in legislation a comprehensive national energy policy that fits the needs of the nation in 2001 and beyond. America needs reliable supplies of alternative transportation fuels without sacrificing environmental quality.

There appear to be new opportunities for cooperative policy formulation in Congress with a merging of mutual policy goals. In discussing his energy plan, Senator Murkowski has said, "I applaud the development of alternative and renewable energy sources." We believe that as part of a national energy plan renewable ethanol provides economic, national security and environmental benefits that are compatible with the policy goals of your Administration. For example:

* The Economy. Ethanol represents a rapidly growing industry that set a new U.S. production record of over 1.6 billion gallons last

year, with demand estimated to be more than double in the near future. There are now 58 ethanol plants in operation in 20 states with financial plans for an additional 20 plants under development in states from Montana to New York. Renewable ethanol has influenced new capital investment and economic development in rural communities across America, adding \$4.5 billion to annual farm revenue. More than 200,000 jobs are dependent on the ethanol industry, with farmer-owned cooperatives and more than 195,000 farmers invested in ethanol production facilities.

* National Security. With two thirds of known world oil reserves located in the politically unstable Middle East, our nation spends \$50 billion annually for military protection in that region. Today the U.S. imports 56 percent of our petroleum from foreign producers, a volume that is expected to swell to 70 percent in a decade, increasing our national vulnerability, unless we act to diversify our energy sources. Motor fuels blended with ethanol extend our current short supplies of gasoline, diesel, heating oil and natural gas and can have a greater supply impact in the future. As a domestic source of energy, the expanded use of ethanol will help reduce our dependence on foreign oil — a primary goal of pending Murkowski legislation.

* The Environment. Ethanol, which contains 35 percent oxygen, is widely used by oil companies because it reduces carbon monoxide air pollution from auto exhausts. It displaces harmful gasoline components, is not toxic, and is water soluble and biodegradable. It is a major component in the federal reformulated fuels program in cities that exceed public health standards for carbon monoxide and ozone pollution, resulting in cleaner air for 75 million Americans. Ethanol is also the logical replacement for the gasoline additive MTBE, now in the process of being banned in a dozen states.

We strongly believe the increased use of renewable fuels can and should play an increasing role in our nation's energy policy. Ethanol adds volume to the overall U.S. fuel supply, decreasing our dependence on imported petroleum, improving our balance of trade and reducing consumer gasoline prices. As your Administration considers comprehensive energy legislation this year, we ask that you support a national fuel standard that requires greater use of

renewable fuels and puts our country on a path toward greater energy, economic, and national security.

The Governors' Coalition would welcome the opportunity to participate in energy task force deliberations and assist your Administration in forging a comprehensive and balanced national energy policy. We believe we can help encourage a cooperative effort among the ethanol and energy industries and the Congress with the goal of producing new programs that will benefit all Americans.

We look forward to discussing these issues with you and your staff.

Respectfully,

Mike Johanns
Holden
Governor of Nebraska and Chair
Governor of Missouri and Vice Chair

Bob

c. Honorable Josh Bolten, Deputy Chief of Staff for Policy
Honorable Andrew Lundquist, Multi-Agency Task Force on
Energy