

Governors' Ethanol Coalition

May 3, 2001

The Honorable Frank Murkowski
Chairman
Energy and Natural Resources Committee
United States Senate
Washington, D.C. 20510

Dear Senator Murkowski:

The Governors' Ethanol Coalition commends your Committee's introduction of the National Energy Security Act of 2001 which will help reduce our dependence on imported sources of energy while stimulating the nation's economy. Addressing domestic renewable energy resources as a part of that legislation will hasten that effort.

An important component of any national energy policy is the increased use of domestically produced renewable fuels. Renewable fuels, such as ethanol, will reduce our dependence on imported oil, MTBE and natural gas while improving our air quality and stimulating local economies. Ethanol also helps to reduce greenhouse gas emissions.

Ethanol has reached record levels of production with the industry setting production records for the last seventeen months. Today, 46 ethanol plants are expanding or under constrictions in all parts of the nation.

The Coalition urges you to consider incorporating a renewable fuels standard in the National Energy Security Act of 2001 to ensure that we have a balanced energy strategy that will benefit all areas of the nation. By requiring that our motor fuel pool include 1.6 percent renewable component, the nation would triple the amount of imported oil currently displaced by renewable fuels like ethanol. The nation's ethanol producers are confident they can meet that demand by 2010.

The Coalition also strongly supports development and use of E-85 as an alternative fuel that reduces greenhouse gas emissions and our dependence on imported oil. Currently, automobile manufacturers are producing over 300,000 flexible fuel vehicles annually that can run on E-85 fuel. These vehicles not only provide our country an energy security safety net against gasoline supply disruptions and petroleum price increases, but will assist with the development of a sustainable and renewable energy resource.

Several sections of the National Energy Security Act of 2001 address alternative fuel vehicles and the Coalition strongly supports those provisions, especially Section 973, Section 971 and Section 972. The Coalition asks that you consider modifying Section 964 to provide a federal income tax credit for any hybrid vehicle that also operates on a renewable transportation fuel. As currently drafted, only petroleum-based fuels would be eligible for this credit.

The Coalition would be pleased to work with you and your staff in the further development and incorporation of these ideas into the National Energy Security Act of 2001.

Sincerely,

Mike Johanns
Governor of Nebraska and Chair