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September 15, 2003

The Honorable Joe Barton
U.S. House of Representatives
2109 Rayburn House Office Building
Washington, DC 20515-4306

Dear Representative Barton:

We are writing to express our strong support for the renewable fuels standard contained in the *Energy Policy Act of 2003*. This historic provision will increase the nation's energy independence, protect air and water quality, provide increased flexibility for refiners, and stimulate rural economies through the increased production of domestic, renewable fuels.

During the conference committee deliberations, we respectfully urge you to support a revised renewable fuels standard schedule that reflects the unprecedented growth in ethanol production made necessary by the failure to pass a bill last year and the need for the industry to respond to current law, which requires far greater ethanol demand in the short term.

An early over-supply would likely result in a lack of capital investment in the industry, affecting the industry's ability to meet demand requirements in the later years. Indeed, the nation's ethanol industry is already producing at a higher rate than would be required in 2005 under the renewable fuels standard. While just 2.6 and 2.7 billion gallons of ethanol are required to be used in 2005 under the Senate and House bills respectively, the ethanol industry projects more than 3 billion gallons of ethanol production capacity by that time. Clearly, a much more aggressive renewable fuels standard schedule is appropriate.

The long-term impact of the renewable fuel requirement on both the farm and overall economy is also significant. By 2012, more than 214,000 new jobs will be created throughout the entire economy. The demand for grain will increase an average of 1.4 billion bushels over the next decade, and more than 1.6 billion barrels of oil will be displaced during the same period. Many more plants are in the development stage, and will likely move forward as soon as the *Energy Policy Act of 2003* becomes law.

As governors, we have seen for ourselves the positive economic and environmental impact that ethanol facilities can have on our states and on our nation. We urge you to support this reasonable modification to the renewable fuels standard during conference deliberations. The renewable fuels standard and modified schedule are very important to the nation, and your support is deeply appreciated.

Sincerely,



John Hoeven
Governor of North Dakota
Chairman



Mike Johanns
Governor of Nebraska
Former Chairman



Tom Vilsack
Governor of Iowa
Former Chairman



Kathleen Sebelius
Governor of Kansas
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