



Governors' Ethanol Coalition

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• **International alliances with Brazil, Canada, Mexico, Sweden and Thailand** •

January 3, 2006

The Honorable Samuel Bodman
Secretary of Energy
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

The Honorable Mike Johanns
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Secretary Bodman and Secretary Johanns:

The Governors' Ethanol Coalition urges you to join us in the participation of a study regarding the barriers, opportunities, and potential paths for expanding the Renewable Fuels Standard. The groundbreaking standard established by the *Energy Policy Act of 2005* directly reduces the need for imported oil. However, nearly all in the biofuels community agree that the nation is on track to meet and likely exceed the goals of the standard in a short seven years, as Secretary Johanns recently noted in USDA's energy strategy. The Coalition believes laying the foundation for future displacement of imported oil by domestically produced biofuels requires exploration of the issues surrounding expansion of the current standard – a matter of national security and great importance to the governors and our states. We invite the Departments of Energy and Agriculture to work with the Coalition and other bioenergy stakeholders in moving this activity forward.

The ethanol industry is growing rapidly and on target to produce roughly 5 billion gallons of ethanol a year before 2007 and will meet the 7.5 billion gallon Renewable Fuels Standard, quite likely before the 2012 goal. An expanded standard, which would offset a significant portion of the nation's imported petroleum, is a reasonable goal.

This level of ethanol use requires continued improvements to production efficiency and the addition of cellulosic-derived ethanol to both avoid negatively impacting animal feedstock prices, and to expand the benefits of ethanol to all regions of the nation by capturing a variety of biomass feedstocks. The Coalition strongly supports the U.S. Department of Energy's and the U.S. Department of Agriculture's research, development, and deployment efforts in these areas.

However, we must begin to examine the potential for driving the biofuels market forward through an expanded standard that challenges the biofuels industry and our states to achieve more and deliver real fuel diversity for the nation. As we learned from the supply disruptions in

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the Gulf oil and gas-producing region in 2005, diversification of supply and distribution are the building blocks of energy security.

Therefore, we respectfully ask you to join with the Governors' Ethanol Coalition and others to support an expedited study on the potential for expansion of the Renewable Fuels Standard. Examining new goals that are consistent with the ingenuity of the industry and productivity of our communities is an important part of advancing domestic production of ethanol. We greatly appreciate your support for ethanol and stand ready to work jointly with the Department of Energy and Department of Agriculture to ensure budget requests for these key programs are met, and a solid foundation for the future of ethanol production and use is laid.

Sincerely,



Kathleen Sebelius, Chair
Governor of Kansas



Dave Heineman, Vice Chair
Governor of Nebraska