

ONE HUNDRED FIFTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

December 8, 2018

To: Subcommittee on Environment Democratic Members and Staff
Fr: Committee on Energy and Commerce Democratic Staff
Re: Hearing on “Discussion Draft: The 21st Century Transportation Fuels Act”

On **Tuesday, December 11, 2018, at 10:00 a.m. in room 2123 of the Rayburn House Office Building**, the Subcommittee on Environment will hold a hearing entitled, “Discussion Draft: The 21st Century Transportation Fuels Act.”

I. BACKGROUND

The Subcommittee convened three stakeholder roundtables and held five hearings in the 115th Congress on the Renewable Fuel Standards (RFS) program, as well as other issues related to transportation fuels. Chairman Shimkus’ stated goal for this effort was to reform transportation fuel policy; the “21st Century Transportation Fuels Act” discussion draft is the result of that effort. For more information, please see the hearing memoranda for Environment Subcommittee hearings held on [March 7](#), [April 13](#), [May 8](#), [June 22](#) and [July 25](#), 2018.

Reps. Shimkus (R-IL) and Flores (R-TX) released the draft bill on November 21, 2018. It amends several vehicle and fuel provisions administered by the Environmental Protection Agency (EPA). It also makes changes to programs at the National Highway Traffic Safety Administration (NHTSA) and the Federal Trade Commission (FTC) pertaining to Corporate Average Fuel Economy (CAFE) standards and the certification, sale, marketing and use of transportation fuels. Finally, the bill amends the Clean Air Act (CAA), the Solid Waste Disposal Act, the Petroleum Marketing Practices Act and the “Ten-in-Ten Fuel Economy Act.”¹

¹ Title I, Subtitle A of the Energy Independence and Security Act of 2007. PL 110-140.

II. THE 21ST CENTURY TRANSPORTATION FUELS ACT

The discussion draft eliminates the mandate in the CAA to blend specific volumes of renewable fuel into the fuel supply and replaces the RFS with a national high-octane fuel standard requiring production and sale of fuel with a research octane number (RON) of at least 95. For a discussion of how the RON of a fuel is determined and its relationship to current fuel octane designations, please see the memorandum for the [April 13, 2018](#) subcommittee hearing.

The draft enables a transition to the exclusive use of high-octane fuel, as the vehicle fleet turns over and older vehicles are replaced. As noted in the April 13th memorandum, high octane fuel in the range of 95 RON is sold currently as premium fuel. This fuel is generally \$0.50 to \$0.70 per gallon more expensive than regular fuel.²

The draft includes provisions to enable the use of higher ethanol blends as an option for producing high octane fuel by eliminating several barriers to their production and sale. While ethanol is one of the least expensive octane enhancers available, other petroleum products can be used as octane enhancers. It is unclear whether any additional ethanol will be required to achieve a 95 RON uniform national octane standard. Notably, the discussion draft preempts states from requiring the use of renewable fuels – rather than petroleum products – to meet the 95 RON standard.

Significantly, the draft mandates changes to vehicle design and gas station fuel dispensers to prevent vehicle owners from using fuel of a lower octane than 95 RON. This is to ensure peak engine performance and emission performance, as well as to deter owners from fueling with a less expensive, lower octane fuel. These changes would be made by vehicle model year 2023.

Finally, the bill includes a third title which is identical to H.R. 4011, the “Fuel Economy Harmonization Act,” introduced by Reps. Upton (R-MI) and Dingell (D-MI). This title allows vehicle manufacturers to apply credits earned after model year 2009, toward meeting their CAFE targets for model years 2016 through 2021.

III. WITNESSES

The following witnesses have been invited to testify:

R. Timothy Columbus

Steptoe & Johnson, LLP for

National Association of Convenience Stores (NACS) & SIGMA

Chet Thompson

President

American Fuel & Petrochemical Manufacturers

² AAA Gas Prices, *National Average Gas Prices* (gasprices.aaa.com/) (accessed Dec. 7, 2018).

Jon Doggett
President
National Corn Growers Association

Emily Skor
CEO
Growth Energy

Geoff Cooper
President and CEO
Renewable Fuels Association

Mike McAdams
President
Advanced Biofuels Association

Kurt Kovarik
Vice President; Federal Affairs
National Biodiesel Board

David Fialkov
Vice President; Government Relations
National Association of Truck Stop Owners

Manning Feraci
Director of Federal Government Affairs
The Coalition for Renewable Natural Gas

Steve Zimmer
Executive Director
US Council for Automotive Research (USCAR)

Brooke Coleman
Executive Director
Advanced Biofuels Business Council

These witnesses will be split into two panels. The Republican staff has yet to indicate how those panels will be arranged.