

Thank you, Chairman Shimkus and Ranking Member Tonko. I appreciate the opportunity to testify today on behalf of the National Corn Growers Association (NCGA). NCGA represents nearly 40,000 dues-paying corn farmers and the interests of more than 300,000 growers who contribute through corn checkoff programs in their states.

My name is Wesley Spurlock, and my family and I raise corn, other crops and cattle in the upper Texas panhandle. For the past three years, I have been part of NCGA's officer team.

NCGA and its 49 affiliated state associations and checkoff organizations work together to create and increase opportunities for our members and our industry. As producers of the primary feedstock used for ethanol, corn farmers have a strong vested interest in the future of transportation fuel.

The Renewable Fuel Standard (RFS) has created significant opportunities for our members and our industry. Corn growers, ethanol producers, environmental advocates and others worked together with Members of Congress over several years to enact the RFS in 2005 and to expand the policy in 2007. The RFS is one of the most ambitious and successful energy, environmental and economic policies Congress has enacted, not only for farmers and rural communities, but also for drivers, our air quality and our nation's energy security. As use of homegrown renewable fuels has grown and as farmers have become more productive using fewer resources, the benefits of the RFS have extended well beyond those Congress projected.

When Congress expanded the RFS, many questioned whether it was possible to produce 15 billion gallons of ethanol. In the 10 years between 2007 and 2017, domestic ethanol production increased dramatically -- from 6.5 billion gallons to nearly 16 billion gallons. In 2017, corn farmers produced 1.6 billion more bushels of corn than they did in 2007.

Agriculture met the challenge to help fuel America, not by putting more land into production, as some had predicted, but by becoming more productive with existing resources.

In 2018, farmers planted four million fewer acres to corn than they planted in 2007. Compared to planted corn acres in 2012, 2018 planted acres are eight million acres less. And it's not just fewer corn acres – the total area planted to principle crops is also less today.

Farmers today produce more corn with less land because their average yield has increased by more than 25 bushels per acre – or 17 percent - since 2007. Farmers' increased productivity has ensured they have kept up with demand across all uses – from feed, food and industrial and exports – while meeting new and growing demand for ethanol. Even with increased demand, carryout of recent crops has eclipsed 2 billion bushels per year.

Farmers' productivity and ethanol demand have added significant value to the corn crop.

Ethanol fuel production primarily uses the starch from corn. This process creates value added co-products, such as distillers grains for animal feed and corn oil for biodiesel, from the

remaining protein, fiber and oil. This value-added process allows the same corn to provide both food and fuel.

New demand for corn, the valued added by ethanol production and increased farmer productivity have all had a tremendous positive impact on rural America. Many NCGA members will tell you ethanol allowed the next generation to return to the family farm. The RFS has done more to revitalize the rural economy than a host of other rural development programs combined. While low commodity prices are currently making it difficult for many farmers to break even, the value ethanol adds to their corn crop is making the difference for many farmers.

But it's not only farmers and rural communities that benefit from the RFS.

Renewable fuel saves drivers money: ethanol costs less per gallon than gasoline at the wholesale level. Recent wholesale ethanol prices have been up to 70 cents less per gallon. A study published last year in the American Journal of Agricultural Economics concluded that ethanol lowered fuel prices by 18 cents per gallon at the pump in 2015, a total fuel cost savings of \$17.8 billion for drivers.

There are strong reasons why environmental advocates backed enactment of the RFS. The RFS is one of the only federal laws that requires reductions in greenhouse gas emissions. Due to improved efficiency in the ethanol production process, changes in agriculture production

practices and increased farm productivity, the carbon footprint of corn ethanol continues to shrink. Based on evaluation of actual production experience – not projections made when the U.S. ethanol industry was in its infancy – today’s corn ethanol results in 43 percent lower greenhouse gas emissions than gasoline.

Increased volumes of ethanol in fuel displace the most harmful compounds in gasoline. Ethanol burns cleaner, reducing emissions of particulate matter, carbon monoxide, and air toxics. EPA data show that between 2000 and 2016, as ethanol blending increased from less than 1 percent to today’s standard 10 percent, compounds with high cancer-causing potential dropped as a share of gasoline volume. As EPA concluded, “ethanol’s high octane value has allowed refiners to significantly reduce the aromatic content of gasoline.”

Congress also enacted the RFS to diversify our transportation fuel supply. The market access the RFS creates has enabled homegrown renewable fuel to compete at the pump and reduce our reliance on fossil fuels as the single source of transportation fuel. Although domestic oil and gas production has risen since adoption of the RFS, continued diversity in our fuel supply enhances our energy security. Consumers shouldn’t be dependent on one fuel source.

Chairman Shimkus’ and Congressman Flores’ discussion draft includes policy provisions corn growers support. In addition to RVP parity that allows higher ethanol blends with lower evaporative emissions to be sold year-round, we also support more regulatory certainty when it

comes to approval of higher blends, such as E20. We support a high-octane vehicle test fuel so automakers can expedite the design and testing of new, optimized vehicles.

However, the net impact of all the provisions is our most important consideration. As NCGA evaluated this draft, our conclusion is that this proposal would not maintain the market access renewable fuels currently have with the RFS or offer sufficient opportunity to expand the use of ethanol as an octane source.

This proposal would increase our dependence on oil for transportation fuel, increasing GHG emissions and impacting air quality. Ethanol blending has decreased GHG and tailpipe emissions. It's not possible to continue to reduce emissions with an octane standard that could be met with increased oil use. Greater use of oil would have negative health consequences.

Corn growers support high octane fuels, such as a mid-level ethanol blend. We know high octane fuels would give auto makers the ability to design optimized engines with greater fuel efficiency and fewer GHG emissions. Ethanol is a high-octane fuel, and higher blends of ethanol as a source of octane would deliver even greater efficiency improvements and GHG reductions.

Using ethanol to meet a higher octane level would minimize changes in fuel cost, compared to the increased use of costly and harmful hydrocarbon aromatics. While ethanol may not be the only source of fuel octane, it is the lowest cost - and lowest carbon - octane source currently available. Ethanol's carbon intensity has shown steady improvement since 2010. Further, high-yield corn—combined with the steady adoption of best practices such as reductions in tillage

intensity—is sequestering carbon from the atmosphere into the soil. This sequestration is increasing soil carbon levels and reducing atmospheric carbon dioxide.

Two weeks ago, the U.S. Energy Information Agency released an analysis of gasoline octane costs and future gasoline octane scenarios. This analysis concluded that refiners could produce 95 RON fuel – a similar octane to today’s premium-grade fuel – using current refinery capacity and without significant capital investment. Refiners could also meet this higher octane level without blending additional ethanol.

An octane standard such as 95 RON that refiners can easily meet today with current premium fuels cannot replace the market access for renewable fuels provided by the RFS. Without market access and the ability to fairly compete, consumers will be the loser with higher prices.

This discussion draft would undo successful renewable fuel policy that has had a large positive impact on rural communities. At a time when farm income has declined more than 50 percent over the past five years and farmers continue to face market challenges from trade disruptions, we can’t afford more uncertainty.

While the statutory volumes Congress set in the RFS do not extend beyond 2022, Congress set parameters for EPA to continue to set renewable fuel volumes. The RFS does not expire unless Congress ends it.

We understand automakers' need for higher octane fuels to design future vehicles that meet fuel economy and emissions reduction requirements. Through an Ag/Auto/Ethanol Working Group, NCGA, along with automakers and other stakeholders, have undertaken technical work to accelerate the introduction of high-octane, low-carbon fuels.

We are also not limited to legislation to advance an octane standard. NCGA recently submitted extensive comments to the Environmental Protection Agency and the National Highway Transportation Safety Administration's SAFE Vehicles Rule, addressing the fuel economy and emissions reductions from high-octane, low-carbon fuels such as a mid-level ethanol blend. We recommended regulatory actions that would remove barriers to fuel competition and high-octane fuels.

The oil industry has spent tens of millions of dollars over the past 13 years trying to hold down renewable fuel blending and control choice at the pump. They've somehow missed the fact that RFS compliance is easiest when renewable fuel blending goes up – that's how Congress designed the law to work.

Chairman Shimkus, corn growers are grateful for your advocacy for farmers and renewable fuels. We appreciate the time you have put into considering future transportation fuel needs and working on this draft. We also appreciate being asked to add our input to today's discussion. Should the Committee undertake further legislative discussions, we ask that you ---

and incoming Chairmen Pallone and Tonko -- consider NCGA a resource on renewable fuel policy and allow us to continue to work with the Committee.

As I noted earlier in this testimony, several provisions in this draft are consistent with NCGA policy, which is set by our grower members. However, our assessment of the net effect of this discussion draft is that it would not uphold the public's best interest and could take renewable fuels backward.

We should build on the success of the RFS when moving a future fuel policy forward.

Thank you for the opportunity to share NCGA's views.