

November 15, 2021

Mr. Brian Deese  
Director, National Economic Council  
1600 Pennsylvania Ave. N.W.  
Washington, DC 20500

Dear Director Deese,

Recent media reports suggest key administration officials are “trying to come up with the best way to bring down the cost of gasoline.”<sup>1</sup> While we share your goal of ensuring fuel remains affordable for American consumers, we were shocked to learn that one of the potential actions reportedly being discussed by the White House is “relaxing mandates to mix gasoline with biofuels.”<sup>2</sup>

To be clear, lowering biofuel blending requirements under the Renewable Fuel Standard (RFS) would *not* reduce the cost of gasoline for American households. In fact, cutting RFS volumes would most assuredly have the exact opposite effect on consumer gas prices. Reducing the domestic usage of low-cost renewable fuels like ethanol would increase demand for petroleum at a time when global oil inventories are already strained and prices are at seven-year highs. In turn, greater demand for petroleum would lead to higher—not lower—prices at the pump, while simultaneously resulting in increased emissions of greenhouse gases and toxic tailpipe pollutants linked to cancer, heart disease, and other health issues.

Today, ethanol is extending the U.S. gasoline supply by nearly 1.1 million barrels per day, equivalent to the combined crude oil production from Alaska, California, Utah, and Wyoming.<sup>3</sup> According to a study by a well-known energy economist and advisor to two former presidents, “The blending of approximately one million barrels per day of ethanol into U.S. motor fuels...has lowered the average price of crude by \$6 per barrel. This reduction has cut the retail gasoline price by \$0.22 per gallon from the level that would have obtained absent the presence of ethanol in the motor gasoline supply.”<sup>4</sup> Indeed, ethanol’s effect on lowering fuel prices is greatest during periods when crude oil inventories are tight and demand is outstripping supply.

In addition to exerting downward pressure on gas prices by extending the overall fuel supply, ethanol contributes to lower pump prices simply because it costs less than gasoline on a per-gallon basis. Since 2010, wholesale ethanol prices have been 37 cents per gallon lower than wholesale

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<sup>1</sup> J. Blas, J. Leonard, J. Jacobs, and A. Natter. “Consensus Eludes Biden Team Weighing Fuel Price Action for Weeks.” Bloomberg. Nov. 12, 2021. <https://www.bloomberg.com/news/articles/2021-11-12/biden-team-debates-whether-to-act-fast-on-gas-prices-or-wait>; see also, G. Freitas Jr. and S. Tobben. “Biden Could Revisit Renewable Fuel Mandate to Give Drivers Relief at Pumps.” BNN Bloomberg. Nov. 15, 2021. <https://www.bnnbloomberg.ca/biden-could-revisit-renewable-fuel-mandate-to-give-drivers-relief-at-pumps-1.1682207>

<sup>2</sup> *Id.*

<sup>3</sup> U.S. Energy Information Administration. “Crude Oil Production.” [https://www.eia.gov/dnav/pet/pet\\_crd\\_crdpdn\\_adc\\_mbbldpd\\_m.htm](https://www.eia.gov/dnav/pet/pet_crd_crdpdn_adc_mbbldpd_m.htm). Viewed Nov. 15, 2021.

<sup>4</sup> P.K. Verleger, Jr. “The Renewable Fuel Standard Program: Measuring the Impact on Crude Oil and Gasoline Prices.” Conducted for Renewable Fuels Foundation. May 2019. <https://ethanolrfa.org/file/1949/Verleger-RFS-Impact-on-Oil-and-Gasoline.pdf>

gasoline prices, on average, equating to a 17 percent savings.<sup>5</sup> Moreover, when compared directly to the petroleum-based octane boosters that it replaces in gasoline, ethanol's economic benefits are even more pronounced. Today, gasoline blended with just 10 percent ethanol is selling for 10-15 percent less than ethanol-free gasoline at retail stations across the country (see attachment). Fuel blends containing more than 10 percent ethanol, such as E15 and E85, offer even greater savings. Rapidly expanding the use of these higher-ethanol blends would help keep pump prices in check, while also reducing GHG emissions from the transportation sector. In addition, there is no legitimate evidence to support the claim that RFS compliance obligations and RIN credits affect pump prices for E10.<sup>6</sup>

Simply put, lowering RFS requirements would weaken the economic incentive to produce and blend ethanol, resulting in even tighter fuel inventories and higher pump prices for consumers. Such an outcome would be contrary to the stated goals of President Biden's administration.

Rather than undermining the market for low-carbon renewable fuels, we encourage you to follow through on the President's Day 1 pledge to "doubl[e] down on the liquid fuels of the future."<sup>7</sup> This includes immediately proposing strong RFS volumes for 2021 and 2022, and taking swift regulatory action to facilitate the rapid expansion of E15 availability nationwide. We would appreciate the opportunity to discuss these actions—and others that could truly deliver price relief to American drivers—at your earliest convenience.

Sincerely,



Geoff Cooper  
President and CEO

cc:

Ron Klain, White House Chief of Staff  
Jake Sullivan, National Security Advisor  
Steve Ricchetti, Counselor to the President  
David Turk, Deputy Secretary, U.S. Department of Energy

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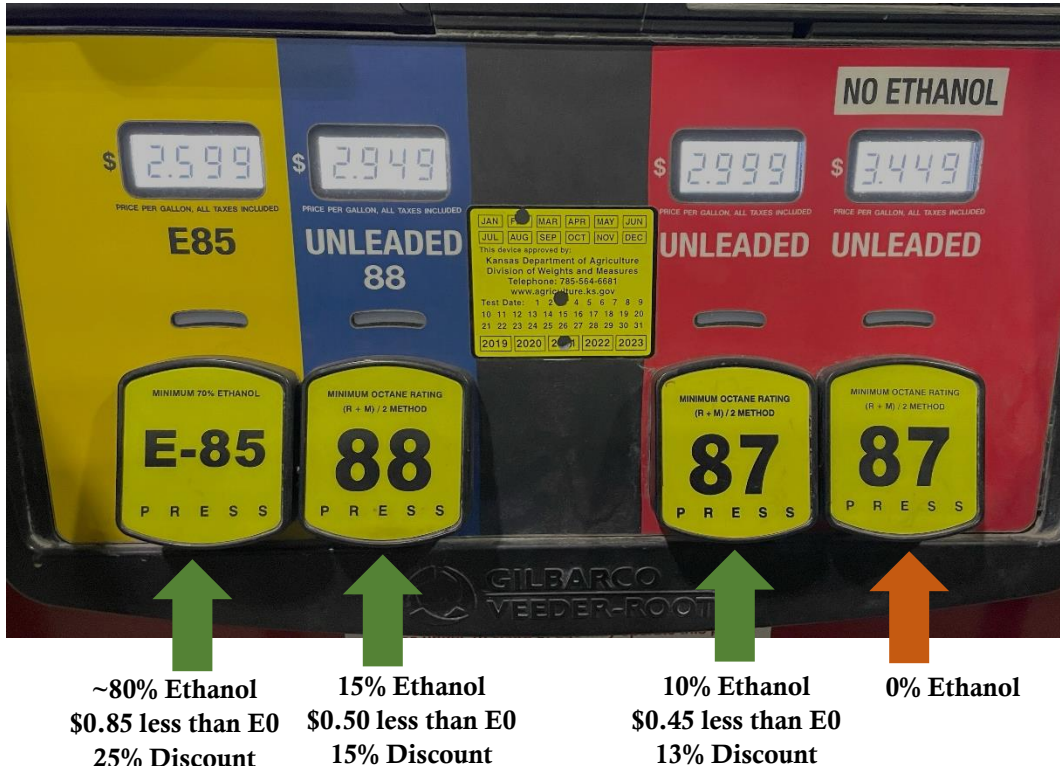
<sup>5</sup> Nebraska Department of Environment and Energy. "Ethanol and Unleaded Gasoline Average Rack Prices." Viewed Nov. 14, 2021. <https://neo.ne.gov/programs/stats/inf/66.html>

<sup>6</sup> See, for example, Renewable Fuels Association. "What drives retail gasoline prices? Not Renewable Fuel Standard RINs." September 13, 2021. <https://ethanolrfa.org/file/653/Gasoline-Prices-and-RINs-White-Paper.pdf>

<sup>7</sup> "The Biden Plan for a Clean Energy Revolution and Environmental Justice." Viewed Nov. 14, 2021. <https://joebiden.com/climate-plan/>

## ATTACHMENT

This photo was taken of a pump at the Casey's retail station in Lenexa, Kansas (a suburb of Kansas City) on **Nov. 12, 2021**. The pricing relationship of E85, E15, and E10 relative to E0 (ethanol-free) gasoline seen in the photo is typical of the relationship witnessed at thousands of other retail stations across the United States. More data and information on retail pricing for E0, E10, E15, and E85 at locations across the country is available at [www.e85prices.com](http://www.e85prices.com).



Ethanol prices remain below prices for competing octane boosters, such as benzene, toluene, and xylene.

