ENERGY OPTIONS FOR OHIO AGRICULTURE

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The Renewable Fuels Standard (RFS)

Battle with Big Oil is over market share and profits

RFS is U.S. most effective energy policy

Envisioned a transportation fuel system that is diversified, sustainable and predictable

Established numerous goals that are being achieved
RFS Goal

Energy Security

Major part of a national “All of the Above” strategy to reduce dependence on foreign oil

- Renewables – Ethanol / Biodiesel
- Fuel Economy
- Domestic Oil Production

Imported oil reduced by 33% from 60% to 40%

Still importing significant portion of our transportation fuel needs
RFS Goal

National Security

Spending $1 billion per day on imported oil
Nearly 40% is from OPEC, 20% from the Persian Gulf
Puts our troops in harm’s way
Spend untold billions each year protecting oil fields, production & shipping capacity in the Gulf
Funding the economies and activities of countries that dislike us
Ethanol is produced in America by American companies from American commodities
RFS Goal

Jobs

US ethanol industry employs over 400,000 Americans in good paying jobs.

Adoption of E15 would add an estimated 136,000 jobs.

7 Ohio ethanol facilities
- Created or supported over 15,000 jobs since 2008
- 11,400 for plant construction
- Over 300 direct plant employees
- Nearly 1300 indirect jobs
- More than $11 million in annual payroll
RFS Goal
Rural Economy

Net farm income up 50% since RFS enactment — projected at over $130 billion for 2013
• Cash receipts for crop producers up $66 billion since 2007
• Livestock cash receipts up over $38 billion since RFS enactment

Ethanol co-products, such as DDGs, add over 1 billion bushels of corn equivalent livestock feed

Agriculture input industries and local businesses are thriving
RFS Goal

Rural Economy (Continued)

Industry success has caused investment to flow in and profits to be reinvested in rural communities.

Rural communities have new opportunities to encourage their youth to return home.

Much of rural America avoided the devastating impact of the recession.

Ohio impact

- Nearly $1 billion in capital investment
- Market for over 200 million bushels of corn supplied by 3,400 Ohio farmers
- Over 500 million gallons of ethanol production
- About 1.5 million tons of distiller's grains for livestock feed
RFS Goal

Environment

33.4 million ton reduction in GHGs in 2012

Equivalent to removing 5.2 million cars and light trucks from our roads

34% average reduction in GHGs compared to gasoline according to Argonne National Laboratory

Ongoing innovation in conventional ethanol feedstock and fuel production will expand GHG reductions

Increased commercialization of cellulosic ethanol will yield even greater reduction in GHGs
RFS Goal

Consumers

Fuel choice – ethanol willing to compete for customers but needs market access

Constrain gasoline prices

- Ethanol futures currently about $1.00 per gallon below the cost of clear gasoline (wholesale price)
- Higher blends – E85 - have produced consumer saving up to $1.00 per gallon at the pump

Ethanol production has little impact on food prices

– World Bank, USDA
EPA Proposed Rule
2014 Renewable Volume Obligations (RVO)

Rule establishes the quantities of renewable fuels that must be blended in 2014

Cuts renewable fuel utilization by 3 billion gallons compared to RFS statutory level of 15.2 billion

Reduces advanced biofuel obligations by 550 million gallons compared to the 2013 requirement

Reduces conventional ethanol use from 13.8 billion gallons required in 2013 to 13.0 billion in 2014
EPA Proposed Rule
2014 Renewable Volume Obligations (RVO)

Impact

• Undercuts research, development and investment in cellulosic and next generation biofuels
• Increases dependence on foreign oil reducing our economic and national security
• Risk future investments in production facilities and job creation
• Limits environmental gains
• Undermines consumer choice and cost savings at the pump
Our Message:

EPA Should Move Forward, Not Backward

Fulfill the Promise of the RFS

Thank You.