

The Corn Ethanol Mandate Elimination Act of 2013

For nearly a decade, the federal government has mandated that increasing amounts of renewable fuel must be blended into the total volume of gasoline refined and consumed in the United States each year. The Renewable Fuel Standard (RFS), first enacted in 2005 and then expanded in 2007, requires refiners and blenders to use 16.55 billion gallons of renewable fuel in 2013.

More than 13 billion gallons of this total will be met by the production of corn ethanol, and subsequent years will see the statutorily-set minimum levels of corn ethanol production increase to 15 billion gallons. There are, however, two major problems with continuing to mandate the consumption of more and more corn ethanol in the United States each year.

- **The Blend Wall:** As gasoline consumption declines, refiners face a “blend wall” when the RFS mandate exceeds the limit at which ethanol can be blended into the fuel supply - determined to be 10% of total gasoline consumption. According to the Environmental Protection Agency: “EPA does not currently foresee a scenario in which the market could consume enough ethanol ... to meet the volumes ... stated in the statute.” This situation is likely to increase gasoline prices.
- **Corn Consumption:** More than 40% of the U.S. corn crop is now used to produce ethanol, artificially pushing up food and feed prices while damaging the environment.

The Corn Ethanol Mandate Elimination Act of 2013 solves both problems by simply removing the top-line mandate for renewable fuels. This action eliminates the unnecessary pressure on corn prices, allowing the multi-billion dollar corn ethanol industry to compete directly with oil based on price and quality, not mandates. The reduction of total RFS-mandated volumes would also eliminate the threat of the blend wall. At the same time, it would leave in place, and have no impact on, the advanced biofuels mandate.

While EPA has some flexibility under the RFS statute to adjust RFS-mandated volumes – flexibility it has exercised in setting the 2014 levels – most of that flexibility rests in EPA’s power to reduce the amount of “advanced biofuel” mandated under the RFS. EPA’s legal authority to reduce the corn ethanol mandate under current law is far from clear.

Finally, refiners will continue to blend corn ethanol into the fuel supply in the absence of a mandate, as ethanol is the preferred octane booster used to increase the efficiency of gasoline. Even without a mandate for its use, the economic benefits of mixing ethanol into gasoline would remain.

This proposal has strong support from the prepared food industry, dairy, beef, poultry, oil and gas, engine manufacturers, boaters, hunger relief organizations and environmental groups.