



Pacific Ethanol, Inc.



April 26, 2010

Honorable Harry Reid  
U.S. Senate  
Washington, D.C.

Honorable Jeff Bingaman  
U.S. Senate  
Washington, D.C.

Honorable Tom Harkin  
U.S. Senate  
Washington, D.C.

Dear Senators:

The undersigned organizations represent a broad cross section of renewable energy and alternative fuel interests. We would like to express our support for *The CHOICE Act* (S. 1627), which Senator Harkin and Senator Lugar introduced, and to offer our assistance in assuring passage of this landmark legislation. The title says it all — consumers should have options in choosing energy, or CHOICE, and should be able to choose from a range of fuels.

Since 2005, when Congress passed the first Renewable Fuels Standard, the U.S. ethanol industry has created tens of thousands of new jobs, generated billions of dollars annually in local and federal tax receipts, and saved motorists \$25 - \$75 billion in imported crude oil and gasoline costs each year. This money remains in the U.S. economy rather than being sent to foreign oil producers. However, these extraordinary contributions to the nation's economic and energy security are increasingly threatened by our failure to adopt the highly successful Brazilian flex-fuel (FFV) model, and thus demolish the looming "blend wall" imposed by the lack of flex-fuel vehicles and modernized blending pump distribution systems.

Nearly all vehicles sold in Brazil will be FFVs, capable of using virtually any blend of gasoline or ethanol. On a gasoline-equivalent basis, more than half of Brazil's transportation fuel is renewable ethanol. The world's leading global automakers such as GM, Ford, Volkswagen, Fiat and others have heralded the Brazilian transition to FFV's as a remarkable success story for a program that was begun only six years ago, and Brazilian consumers are pleased with the increased choice and flexibility that the FFV and blender pump dispenser program affords them.

Most Americans would be surprised to know that the only nation that produces and uses more ethanol than Brazil is the United States, which in 2010 will use about 12 billion gallons of domestically-produced, high octane ethanol, primarily as a 10 percent high octane blend in gasoline. The U.S. ethanol industry displaces more than 800,000 barrels per day of imported gasoline, and ranks as the third largest supplier of fuel on a gasoline equivalent basis behind only Canada and Saudi Arabia, and ahead of Venezuela, Mexico, and Nigeria.

By introducing *The CHOICE Act* (S. 1627), you have recognized that such a failure to act will impose unacceptable and unnecessary costs on American consumers, and the nation's economy and energy security. This legislation charts a course for the U.S. to emulate the

Honorable Mitch McConnell  
U.S. Senate  
Washington, D.C.

Honorable Lisa Murkowski  
U.S. Senate  
Washington, D.C.

Honorable Richard Lugar  
U.S. Senate  
Washington, D.C.

Brazilian experience by requiring that all new vehicles be flex-fuel over a period of five years. The bill would also ensure an orderly transition to modern blender pumps at the retail level, allowing consumers to choose from E10 to E85. The bill is properly called *The CHOICE Act* (Consumers Have Options In Choosing Energy) since it would for the first time offer consumers a full range of fuel choices, depending on cost and personal preferences. The enactment of S. 1627 would offer boat owners the option of choosing an ethanol-free blend for their marine equipment if that is what they want, or FFV owners the ability to purchase E85 if they want to reduce the nation's dangerous dependence on imported oil.

The enactment of S. 1627 will not only provide American consumers with maximum choice in their purchases of transportation fuels, it will also stimulate billions of dollars in new domestic biofuels investments and create new jobs, in a gradual and orderly manner. Increased blends would unfold over a period of years as markets open, consumers' and retailers' acceptance grows, and production steadily moves upward to meet demand. Much of this new demand will be met by advanced biofuels that will reduce carbon footprints far greater than anyone could have imagined just a few years ago. Building on America's first generation ethanol and biodiesel industry and ensuring additional demand is met with low carbon biofuels is the right thing to do for the nation, advancing both our economic and national security.

The nation is at a crossroads in dealing with energy security and climate change. If we are to reduce and one day eliminate the billion dollars or more each day that we export to foreign oil producers, we must act just as Brazil has done to provide consumers with a choice in the fuels they purchase and the vehicles they drive. Senator Harkin and Senator Lugar's leadership in introducing S. 1627 calls to Congress's attention the need to overcome the unnecessary blend wall stalemate caused by too few flex-fuel vehicles and too few blender pump fueling stations. The enactment of S. 1627 will help take the United States to the next level of energy independence and green jobs creation.

Sincerely,

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Algenol Biofuels  
American Coalition for Ethanol  
Clean Fuels Development Coalition  
Environmental and Energy Study Institute  
Energy Future Coalition  
Growth Energy

National Corn Growers Association  
Nebraska Ethanol Board  
New Fuels Alliance  
Osage Bio Energy  
Pacific Ethanol, Inc.  
Renewable Fuels Association