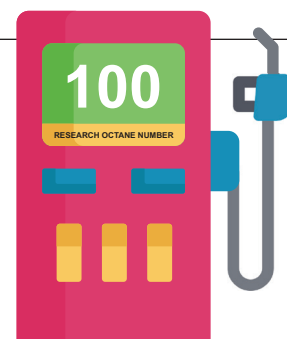


High-Octane Fuel Standard



QUICK READ

A high-octane fuel standard does not guarantee higher ethanol blends.

Any standard must be coupled with a stable RFS program.

A proposal to replace the Renewable Fuel Standard (RFS) with a nationwide high-octane fuel standard of a 95 Research Octane Number (RON) – or about 91 octane at the pump – has been circulated recently.

However, without the certainty of the RFS, there is no guarantee that this concept will result in market growth for biofuels. In fact, it could potentially eliminate all market-based incentives for higher blends of ethanol above 10 percent, hurting American farmers, our agricultural economy, and consumer choice.

THE FACTS

- Octane is a measurement of how much an engine can resist combustion in an engine when compressed in a cylinder. a substantial benefit to automakers because higher blends of ethanol in gasoline create a higher octane fuel.
- Increasingly strict regulations are forcing automakers to move toward higher efficiency engines that require higher octane fuels.
- Ethanol's natural high octane of 113 makes it
- Multiple studies have shown that the most efficient fuel would be anywhere between E20 (98 RON) or an E30 (100 RON) midlevel ethanol blend. Growth Energy has done extensive legal and technical work in support of these high octane, midlevel ethanol blends.

SO, WHAT'S THE CATCH?

Today's premium gasoline, which contains no more than 10 percent ethanol, already meets a 95 RON (91 at the pump) fuel standard. Furthermore, in recent Congressional testimony, refiners have acknowledged that they plan to continue meeting a 95 RON fuel standard with the current 10 percent ethanol blend.

Because refineries plan to limit market opportunities by disincentivizing higher ethanol blends, the high octane fuel standard concept does not necessarily mean higher ethanol blends like E20 or E30, nor does it provide any incentive to blend more ethanol above the already existing E10.

OTHER MARKET BARRIERS

The fuel marketplace is not a free market. Products that compete with petroleum are artificially forced from the market through multiple legal arrangements. Marketing contracts and product documents restrict the ability of fuel retailers to

offer fuel with more ethanol because it would limit market share from petroleum products. Further, refinery-backed changes to the fuel approval process have made approving any fuel with more ethanol next to impossible.

THE SOLUTION?

A 95 RON fuel standard will not automatically drive growth in an ethanol marketplace – especially without the certainty created by the RFS. In order to grow demand for biofuels,

Congress should leave the RFS untouched and EPA should implement a higher octane standard (98 or 100 RON) as part of the fuel economy rulemaking.