

# Oregon Benefits from Biofuels and the Renewable Fuel Standard (RFS)

## Positive Features of the Oregon RFS

1. **Dramatic economic development impact.** The RFS is responsible for over \$300 million in capital investment in its first year, leading to construction jobs, operating jobs, and new local tax revenues.
2. **A move towards local energy diversification & independence.** The RFS has succeeded in diversifying Oregon's fuel supply. E10 (10% ethanol) has already displaced 150 million gallons of gasoline. The RFS is Oregon's response to its fuel supply vulnerability.
3. **Laying the foundation for the biofuels future.** Building an industry on food-based crops now, paves the way for the use of future feedstocks (e.g., cellulose, algae, municipal waste, non-food seed crops, etc.) Essential work is being done NOW on infrastructure, distribution, quality standards, equipment performance, mechanics training, and vendor and consumer acceptance – giving Oregon a competitive edge in this future.
4. **Positioned Oregon as an innovation leader.** The RFS attracted companies, talent, and investment to Oregon, in competition with other states. Reversing the RFS would send a highly negative signal to the investment community about the state's commitment to ALL of its energy incentives – potentially stalling the local development of advanced biofuels.

## Responding to Concerns about Biofuels

- ◆ **Impact on gasoline mileage & prices.** Based on chemistry and physics, there should be no more than a maximum 3% decrease in mileage due to the use of E10. Also, as ethanol is cheaper than gasoline, it is actually moderating the price at the pump.
- ◆ **Impact on equipment.** E10 ethanol and B5 biodiesel have been approved for use by virtually all engine manufacturers after extensive study. Note that ethanol has been in use for years as a winter oxygenate to replace highly toxic MTBE.
- ◆ **Impact on food prices.** Using food-based crops for biofuels has placed some upward pressure on feed prices. But the impact of biofuels is overshadowed by larger forces, including higher (petroleum) fuel and fertilizer costs, increased global demand for grains and meat, adverse weather (Australian droughts and Midwest floods), and the increase in food commodity speculation.
- ◆ **Impact on the environment.** Biofuels use results in reduced air pollution and reduced CO2 production. When looked at in terms of a true life-cycle analysis, producing biofuels results in a net energy gain, while producing petroleum has a net energy loss.
- ◆ **Impact on agricultural lands.** While there is concern about reported conversion of agricultural lands for biofuels, new demands for water, and other aspects of biofuel production, many of these concerns are overstated. In fact, advancements in technologies, efficiencies, seeds, and crop varieties – for both food and biofuels - are bringing many abandoned agricultural lands around the world back into production, thereby protecting them from loss to development, increasing income for farmers, and boosting rural communities.

## Finally

- ➔ **Oregon is not the Midwest.** Our issues are local. Our biofuels future – and the pathway to it – is different from that of the rest of the country.
- ➔ **Dependence on petroleum is the problem.** Biofuels create a buffer against our vulnerability to a tightening petroleum supply. And the new sources of petroleum (such as Canadian oil sands) will be vastly more polluting and CO2 intensive than current sources.