



June 25, 2013

To Members of the United States Congress:

The undersigned organizations urge you to oppose H.R. 1959, the Domestic Alternative Fuels Act of 2013. The bill would allow ethanol derived from natural gas to count toward the mandatory blending targets established by the Renewable Fuel Standard (RFS) and the EPA's implementing regulations.

We commend Rep. Pete Olson (R-TX) and his co-sponsors for seeking to break the corn lobby's legal monopoly on a significant and growing share of the U.S. motor fuel market. However, the solution is not to make the RFS more inclusive, so that more special interests profit at consumer expense, but to dismantle the program.

The RFS has produced severe unintended (although far from unpredictable) consequences, including higher food prices, more pain at the gas pump, and a rapidly approaching "blend wall" that could dramatically increase fuel-price volatility.

By artificially increasing the demand for natural gas, H.R. 1959 would spawn its own wealth transfers and market distortions. For example, higher gas prices would inflate household utility bills and could erode the competitiveness of U.S. manufacturers.

Any reduction in grain prices due to the substitution of gas for corn as an ethanol feedstock would likely be short-lived, due to H.R. 1959's effect on the *political* economy of the RFS program. Enactment would align the natural gas lobby with the corn lobby. Their common interest would be to increase the overall RFS blending target beyond 36 billion gallons, mandate the sale of E20 and higher, and relax environmental criteria so corn- and gas-based ethanol can fill the void created by non-existent advanced biofuels.

Natural gas has no need of special privileges to flourish in the motor fuel market, as two articles in the June 20, 2013 *Wall Street Journal* clearly show. Worldwide, gas demand in road transport increased tenfold from 2000 to 2010. The International Energy Agency expects gas in road and maritime transport to “do more to reduce the medium-term growth in oil demand than both biofuels and electric cars combined.” This spring Cummins released two new long-haul truck engines that run on gas rather than diesel. The company developed the engines “without a penny of government support.”

We applaud the shale revolution and support the freedom of gas producers to export their product. However, the appropriate cure for a market-rigging scheme like the RFS is repeal, not giving other industries a share of the spoils.

Creating a new class of privileged RFS beneficiaries would only further entrench the program. Congress should eliminate the RFS, not invite its expansion.

Sincerely,

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American Commitment

Americans for Prosperity

American Energy Alliance

Club for Growth

Commonwealth Foundation

Competitive Enterprise Institute

Freedom Action

FreedomWorks

Frontiers of Freedom

Let Freedom Ring

National Taxpayers Union