

December 7, 2018

TO: Members, Subcommittee on Environment

FROM: Committee Majority Staff

RE: Hearing entitled “Discussion Draft: The 21st Century Transportation Fuels Act”

## **I. INTRODUCTION**

The Subcommittee on Environment will hold a hearing on December 11, 2018, at 10:00 a.m. in 2123 Rayburn House Office Building. The hearing is entitled: “Discussion Draft: The 21st Century Transportation Fuels Act.” Witnesses are by invitation only.

## **II. WITNESSES**

- **Emily Skor**, CEO, Growth Energy;
- **R. Timothy Columbus**, Senior Counsel, Steptoe and Johnson LLP, *on behalf of the National Association of Convenience Stores and Society of Gasoline Marketers*;
- **Geoff Cooper**, President and CEO, Renewable Fuels Association;
- **Mike McAdams**, President, Advanced Biofuels Association;
- **Chet Thompson**, President, American Fuel and Petrochemical Manufacturers;
- **Kurt Kovarik**, Vice President, Federal Affairs, National Biodiesel Board;
- **David Fialkov**, Vice President, Government Relations, National Association of Truck Stop Owners;
- **Wesley Spurlock**, Past President and Chairman, National Corn Growers Association;
- **Manning Feraci**, Director, Federal Government Affairs, The Coalition for Renewable Natural Gas;
- **Steve Zimmer**, Executive Director, United States Council for Automotive Research LLC; and
- **Brooke Coleman**, Executive Director, Advanced Biofuels Business Council.

### III. BACKGROUND

Americans own an estimated 260 million passenger vehicles, most of which run on 140 billion gallons of liquid fuels derived from petroleum and agricultural sources. Electrification and other alternatives continue to make inroads, but the internal combustion engine operating on liquid fuels will remain the most common passenger vehicle choice through 2050, according to the Energy Information Administration.<sup>1</sup> However, change is happening to those vehicles and fuels, driven in part by federal policies such as the Renewable Fuel Standard (RFS) and corporate fuel economy standards and overlapping greenhouse gas emissions standards (CAFE/GHG) for light duty vehicles.

The RFS requires that specified volumes of agriculturally-sourced ethanol and other biofuels be added to the nation's liquid transportation fuel supply. The program's statutory targets extend through 2022, reaching 36 billion gallons. After 2022, the Environmental Protection Agency (EPA) is granted additional flexibility to set the annual volumes for succeeding years. The National Highway Traffic Safety Administration (NHTSA) and EPA are jointly implementing Corporate Average Fuel Economy (CAFE) and Greenhouse Gas (GHG) standards for light duty vehicles. These standards increase each year through 2025, reaching a projected 54.5 miles per gallon. Thus, the RFS and CAFE/GHG programs will continue for several years.

Fuels and vehicles operate as a system, and in some cases, they have been regulated in a coordinated fashion.<sup>2</sup> However, the RFS and CAFE/GHG programs have, for the most part, been implemented independently of each other. As a result, opportunities for synergies may be lost.

One option for improving coordination between fuels and vehicles policies is through a transition to higher octane fuels and new vehicles whose engines are optimized to run on these fuels. Ethanol can serve as a source of additional octane, thus one of the major goals of the RFS--greater incorporation of ethanol into the transportation fuel supply--may be achieved using high octane fuels. At the same time, high compression ratio engines designed to run on fuels meeting a specified high-octane standard may achieve improved fuel economy and assist in compliance with CAFE/GHG.

A change of this magnitude in both fuels and vehicles could have significant implications for these sectors, including fuel infrastructure and logistics issues that would have to be addressed. Providing fuels for existing vehicles throughout their useful lives while simultaneously rolling out higher octane fuels for new vehicles and ensuring a smooth transition for the driving public will be a challenge. In addition, all the Clean Air Act and other statutory requirements applicable to fuels and vehicles would have to be met. Thus, any shift to higher

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<sup>1</sup> Testimony of John Maples, U.S. Energy Information Administration, before the Subcommittee on Environment, March 7, 2018, at [https://www.eia.gov/pressroom/testimonies/maples\\_03072018.pdf](https://www.eia.gov/pressroom/testimonies/maples_03072018.pdf).

<sup>2</sup> The Tier 3 Motor Vehicles Emissions and Fuel Standards is one example. See, <https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-control-air-pollution-motor-vehicles-tier-3>.

octane fuels could require multiple rulemakings to secure approval for the new fuels and vehicles and ensure continued compliance with the law.

Nonetheless, given the growing challenges posed by the RFS and CAFE/GHG programs in the years ahead, it appears high-octane fuels and vehicles may be an economical and technologically feasible path forward for producers and sellers of fuels and vehicles as well as the consumers who use them.

#### **IV. COMMITTEE ACTIVITY AND THE DISCUSSION DRAFT**

During the 115th Congress, the Subcommittee on Environment had three bipartisan roundtables on the structure of the RFS (May 24, 2017; July 14, 2017; and July 25, 2017). In addition, the Subcommittee held five hearings on the future of transportation fuels and related issues. These hearings include:

- The Future of Transportation Fuels and Vehicles on March 7, 2018;
- High Octane Fuels and High Efficiency Vehicles: Challenges and Opportunities on April 11, 2018;
- Sharing the Road: Policy Implications of Electric and Conventional Vehicles in the Years Ahead on May 4, 2018;
- Advanced Biofuels Under the Renewable Fuel Standard: Status and Future Prospects on June 22, 2018; and
- Examining Renewable Identification Numbers under the Renewable Fuel Standard on July 23, 2018.

On November 21, 2018, Representative John Shimkus and Representative Bill Flores released a Discussion Draft entitled “The 21st Century Transportation Fuels Act.” The Discussion Draft contains provisions that respond to the input and testimony received from previously mentioned Subcommittee sponsored activities and is intended to generate discussion about what steps Congress should consider taking to modernize America’s motor vehicles and fuels.

Attached to this memorandum is a section-by-section description of the provisions of the Discussion Draft. A copy of the discussion draft can be found at <https://shimkus.house.gov/media-center/press-releases/shimkus-flores-release-draft-21st-century-transportation-fuels-act> or <https://flores.house.gov/uploadedfiles/21st-century-transportation-fuels-act-discussion-draft.pdf>.

#### **V. STAFF CONTACTS**

If you have any questions regarding this hearing, please contact Mary Martin, Jerry Couri, or Wyatt Ellertson of the Committee staff at (202) 225-2927.