



National Association of Wheat Growers

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The Honorable Stephen L. Johnson
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

EPA Air Docket
EPA-HQ-OAR-2008-0380,
Environmental Protection Agency, Mailcode: 6102T, 1200
Pennsylvania Avenue, NW.
Washington, DC 20460.

RE: Comments on the Request from the State of Texas for a Waiver of a Portion of the Renewable Fuels Standard, 73 Fed. Reg. 29,753 (May 22, 2008)

Dear Administrator Johnson:

On behalf of the National Association of Wheat Growers (NAWG), I am writing to urge you to deny the request for a waiver of the Renewable Fuels Standard (RFS) recently submitted by the State of Texas. Texas Governor Rick Perry claims that the RFS is causing severe harm to the livestock industry in Texas and causing increased grocery prices. These claims are not only inaccurate, but fail to take into consideration the benefits that Texas and the rest of the nation reap as a result of ethanol and other renewable fuels.

High energy costs are undoubtedly impacting the American economy. Wheat growers we represent, and agriculturalists throughout the nation, have to pay these higher costs as well. While it is easy to point the blame of high food prices at ethanol it is important to realize that only 3% of the rise in prices can be attributed to production of ethanol and other biofuels. The fact of the matter is that ethanol is saving the consumer \$.20 to \$.50 of every gallon of gasoline they purchase. In addition to this, in 2007 alone, ethanol:

- Added \$47.6 billion to the nation's Gross Domestic Product (GDP).
- Supported the creation of 238,541 jobs in all sectors of the economy, including more than 46,000 jobs in America's manufacturing sector.
- Provided an additional \$12.3 billion into the pockets of American consumers.
- Saved \$16.5 billion due to decreased need for oil imports.

Although the price of corn and food in general has risen it is important to note that RFS is not the primary cause. In fact the production of ethanol and biofuels is only responsible for 4% of the total rise in food prices. The reasons for 96% of the rise in food prices, excluding ethanol production, are:

- Crude oil exceeding \$130 per barrel and higher gas prices leading to increased costs of fertilizer, harvest, and transportation.
- Record export demand fueled by a weak dollar.
- Record domestic feed use.
- A flood of speculative money into the commodities markets.
- Increased labor costs and replacement costs for machinery, as well as higher repair and maintenance bills.

NAWG supports the RFS and other programs that will spur production of renewable fuels utilizing biomass, such as wheat straw and other agricultural by-products (that are not utilized for food in the United States). The future of cellulosic ethanol holds many benefits for consumers and producers alike who are suffering the cost of high fuel and food prices. Advancing to cellulosic ethanol would be a win-win situation in which new business opportunities arise and consumer benefits grow. The waiver being requested by Texas, if granted, would not resolve the issue, but hinder the progress toward cellulosic ethanol production. In fact such waivers, or other roll-backs of the RFS, would have a devastating impact on future investments in the next generation of biofuels. This would leave our energy policy stranded in the last century and serves as a reckless policy approach with national security implications.

While we are aware and concerned about the impact of high fuel and fertilizer costs on livestock and, indeed, all of agriculture, it is important to take note of the fact that Texas has a 1.066 trillion dollar economy. Of that \$1.066 trillion, the livestock sector only accounts for 1% of the total value. Under the Clean Air Act, a waiver can only be granted if the RFS is causing severe harm to the economy of a state, region, or the United States. Any losses the State of Texas may experience as a result of the RFS would not be substantial enough to cause such severe economic harm. The negative impacts the Texas economy might be facing would be minuscule and highly out-weighted by the benefits.

Thank you for taking the time to consider our comments on this very important issue. In closing, I would like to reiterate the fact that the nation cannot afford for the RFS to be waived for the alleged impacts on one sector of the economy of a very prosperous state. The RFS should not be waived, but upheld.

Please, deny the request for a waiver of the RFS by the State of Texas.

Sincerely,



David Cleavinger
President
National Association of Wheat Growers