

May 21, 2010

Honorable Jon Leibowitz
Chairman, Federal Trade Commission
Office of the Secretary, Room H-135 (Annex M)
600 Pennsylvania Ave., NW
Washington, DC 20580

Dear Mr. Chairman:

The Federal Trade Commission is in the process of assessing information related to pending decisions that will guide the appearance of labels on gasoline pumps carrying ethanol blends. These labels will be seen by motorists around the country, and will have enormous influence over the public's impressions, opinions and decisions involving ethanol as a transportation fuel.

This letter serves to lay out why the proposed label may actually cause vehicle misfueling, and how framing ethanol blends in a negative way – as the proposed label does – will ultimately do damage to America's economy, environment and national security. We urge the FTC to consider the data in this letter as the agency weighs decisions on designing these labels – which may be the first source of information on ethanol that many motorists will encounter.

Specifically, the statement "MAY HARM SOME VEHICLES" is incredibly vague and does little to prevent vehicle misfueling. Actually, it opens up the door to misfueling. We believe the simple statement "FOR FLEX FUEL VEHICLES ONLY" is a much clearer and more accurate statement. This, in no uncertain terms, tells the consumer that this fuel is not suitable for non-Flex Fuel Vehicles. By having this statement, we don't feel the "CHECK OWNERS MANUAL" statement is really necessary since most Flex Fuel vehicles are labeled as such.

Additionally, the orange-and-black label that is proposed appears inappropriately ominous and will be perceived as a warning label. This unappealing, warning-like color scheme, will confuse people and improperly steer them away from choosing ethanol blends regardless of whether they own a flex fuel vehicle or not. We believe that a purely informational blue label containing the percent of ethanol in the blend, the octane rating and the words "for flex fuel vehicles only" on mid to higher ethanol blend concentrations would be much more appropriate and go farther in giving consumers the fair and accurate information they need to make the right choice of fuels. Ethanol should not be singled out as a fuel that "may harm some engines" when misfueling with any other fuel "will harm some engines".

Ethanol's potential has been recognized by Congress and by President Obama. In public policy announcements and in the passage of legislation, both the Administration and our nation's lawmakers have singled out the promise of ethanol. In fact, support for ethanol from the White House extends back to President Carter, who created the modern ethanol industry when he set the E10 ethanol blend as a response to the cartel-driven oil crisis of the 1970s, and includes President George W. Bush, who said ethanol could help break America's "addiction to oil."

The modern, domestic ethanol industry can reshape America's energy and economic landscape by providing a clean, affordable and renewable transportation fuel with the potential to completely displace foreign oil. Today's ethanol industry replaces 364 million barrels of imported oil every year, and has the potential to replace much, much more. Increasing the amount of domestic ethanol we produce and consume in the U.S. will create jobs, clean the air and strengthen our national security.

Every billion gallons of ethanol produced in the U.S. creates between 10,000 and 20,000 jobs. An economic study by the Windmill Group released this month estimated that ethanol contributed 645,000 jobs and \$92 billion to the

country's Gross Domestic Product. On the other side of the ledger, an estimate by the Center for Forensic Economic Studies estimated that every dollar spent on foreign oil sends \$1.55 out of the country's economy.

In a peer-reviewed study published by Yale University's Journal of Industrial Ecology, researchers determined that grain ethanol has 59 percent fewer Greenhouse Gas Emissions (GHGs) compared to conventional gasoline. The use of ethanol in today's fuel supply has reduced carbon emissions by 16.5 million tons of GHGs.

Cellulosic ethanol is 90 percent cleaner than gasoline, and there is enough biomass in the country – from citrus waste to woodchips – to produce 85 billion gallons of cellulosic ethanol annually.

Recognizing these positive attributes in ethanol, the Congress required 36 billion gallons of renewable fuel be blended into our domestic fuel supply by 2022 when it passed the 2007 Energy Independence and Security Act (EISA). However, a label that dissuades consumers from choosing ethanol at the pump would frustrate the intent of Congress when it expanded the Renewable Fuel Standard and EISA. A poorly-designed label would create a barrier to the country's goal of becoming more energy independent and thwart federal efforts to promote investment in and development of cellulosic ethanol.

Poor label design would also hinder President Obama's pledge of producing 60 billion gallons of advanced biofuel by 2030. When the United States Senate amended the Food, Conservation and Energy Act of 2008, it said mid-level ethanol blends are "critical to the uninterrupted growth of the United States biofuels industry," and went on to note that "maintaining the growth of the United States biofuels industry is a matter of national security and sustainable economic growth."

However, none of these goals to move the nation's transportation fuels market into the 21st century will be met if the simple decision of which pump handle to lift at the fueling station is determined by a label based on a design that fails to reflect the intent of Congress and the Administration, and which is not based on the genuine promise of ethanol's contribution to our economy, our environment and our national security. Please revise the proposed labels to more accurately reflect the viability of ethanol in our nation's fueling infrastructure.

Sincerely,

Growth Energy

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Abengoa Bioenergy

Ag Biomass Council

Agriculture Equipment Manufacturers

American Council On Renewable Energy (ACORE)

Association of Equipment Manufacturers

Biomass Energy Council, ACORE

California Ethanol & Power

California Ethanol Vehicle Coalition

Case IH

Ceres, Inc.

Colorado Corn Growers Association

DuPont

Farm Equipment Manufacturers Association

Genencor

Illinois Farmers Union

Indiana Ethanol Producers Association

International Institute for Ecological Agriculture
Iowa Biotechnology Association
Iowa Corn Growers Association
Kansas Association of Ethanol Processors
Kansas Corn Growers Association
Kansas Grain Sorghum Producers Association
Michigan Corn Growers Association
Minnesota Corn Growers Association
Minnesota Ethanol Producers Association
Minnesota Farmers Union
Missouri Corn Growers Association
Missouri Farmers Union
Missouri Renewable Fuels Association
National Farmers Union
Nebraska Corn Growers Association
Nebraska Farmers Union
North Dakota Alliance for Renewable Energy
North Dakota Ethanol Council
North Dakota Ethanol Producers Association
North Dakota Farmers Union
Novozymes
Ohio Corn Growers Association
Ohio Ethanol Producers Association
POET
Renewable Solutions Ventures, Inc.
Rocky Mountain Farmers Union
Shenandoah, IA Chamber and Industry Association
South Dakota Corn Growers Association
South Dakota Farmers Union
Stratton Equity Coop
Wisconsin Bio Industry Alliance
Wisconsin Corn Growers Association

Attachment

Proposed (figure 1) and suggested (figure 2) label design



Figure 1



Figure 2