



July 1, 2014

Federal Trade Commission
Office of the Secretary
Room H-113 (Annex N)
600 Pennsylvania Avenue N.W.
Washington, D.C. 20580

Re: Fuel Rating Rule Review, 16 CFR Part 306, Project No. R811005

Dear Sir/Madam:

The American Coalition for Ethanol (ACE) appreciates the opportunity to provide comment on the proposed final rating and labeling regulations. ACE agrees with the rule's goal of helping purchasers identify the correct fuel for their vehicles, and takes this opportunity to reaffirm and amplify some of the comments we offered four years ago (enclosed).

However, ACE continues to strenuously object to the inclusion of the phrase "MAY HARM SOME VEHICLES" on the proposed mandatory label. The Federal Trade Commission (FTC), more than any other agency, should recognize that mandating an ominous label on one product, while not holding competing products to a similar standard, is deceptive and unfair. More importantly, the random misfueling of a gasoline engine with E30, for example, would likely go unnoticed by a consumer, while misfueling a gasoline engine with M85, or putting gasoline in a diesel engine, would have an immediate, dramatic and dangerous effect on that engine. Why, then, should ethanol blends be subject to more scrutiny and a harsher required warning label than other fuels that will cause much greater harm?

We would further encourage the commission to review the "data" it considers to support the proposed warning label, and take into consideration the fact that the scant amount of "data" that has been offered has been either created or paid for by manufacturers of fuels that compete in the marketplace with ethanol. The FTC must protect consumers from these oil industry efforts to limit competition in the fuels marketplace.

ACE fully supports the goal of preventing misfueling, and continues to believe that midlevel blends of ethanol should be labeled in the same manner as E85, given the fact that, according to the commission in the original rule proposal, "The Alliance of Automobile Manufacturers (AAM) reported results from compliance surveys of retail gasoline pumps showing "very good compliance" with the Rule's octane provisions, and noted that "pump labeling of E85 dispensers appears to have been successful as well, given that reports about unintentional misfueling of conventional vehicles have been virtually nonexistent to date." The FTC further reported that "The National Automobile Dealers Association (NADA) seconded AAM's support of the Rule, explaining that consumers need accurate fuel rating information to comply with manufacturer recommendations and warranty requirements."

Some petroleum industry commenters have since informed the commission that misfueling is far more common than AAM and NADA would suggest. If that is indeed the case, ACE believes that resulting

damage or “harm” from those misfuelings would have been widely reported during the oil industry’s on-going attack on ethanol and the Renewable Fuel Standard (RFS). If misfueling is as prevalent as the petroleum industry suggests, the FTC should consider the fact that there has been little, if any harm or damage reported, as real-world experience that should outweigh the unsubstantiated claims leveled against one product by the manufacturers of the competing product.

ACE does not support exempting EPA-approved E15 from the FTC labeling requirements for octane. Clean and high octane is one of ethanol’s greatest competitive advantages in the marketplace, and while nothing in the rule would preclude a marketer from posting the octane rating of E15, ACE believes this proposal gives oil companies the power to prevent their branded marketers from displaying the higher octane rating of E15. Given all of the other restrictions oil companies have placed on their branded marketers with respect to E15, we do not want to leave promotion of octane, a valuable major advantage of our product, in the hands of the manufacturer of the competing product.

Finally, with respect to identification of fuels between E16 and E85, we would encourage the commission to apply the final rule to blends between E16 and E50, and to amend the proposal so that ethanol flex fuel meeting the requirements of the latest version of ASTM D5798 be labeled in much the same fashion as E85, with “Ethanol Flex Fuel” as the fuel identification, and “minimum 51% ethanol” in place of the current 70% disclosure. This gives marketers the flexibility to adjust blends according to seasons, economics and regulations, without having to re-label each time a change is made.

ACE believes a well-structured labeling program will reduce the likelihood of misfueling and provide information that will help purchasers identify the correct fuel for their vehicles.

Thank you again for the opportunity to provide input on this matter. I am available to discuss these issues with you at your convenience. Please feel free to contact me with questions or concerns at 605-334-3381 or by email at rlamberty@ethanol.org.

Sincerely,

Ron Lamberty, Senior Vice President
American Coalition for Ethanol (ACE)