

Energy has historically been a challenging issue in Congress. The same holds true for the 110th Congress. The 110th Senate and House have passed separate energy bills this summer, Senate bill H.R. 6, and House bill H.R. 3221. Currently, a push for Congress to agree on a single bill, which they will then send to the President's desk, is underway. The energy bills differ in numerous areas but a alteration in the current renewable transportation fuels mandate sits at the top. The Senate, unlike the House, has passed a mandate for renewable transportation fuels in their H.R. 6 bill. The President agrees with the Senates decision on increasing in the renewable transportation fuels mandate. After four years attempting to pass an Energy bill in Congress, in 2005 the Energy Policy Act was finally passed. The Republicans held the majority in 2005 and both Representative Joe Barton (R-TX) and Senator Pete Domenici (R-NM) sponsored energy legislation. Although, pleased to pass energy legislation, there was disappointment with Democrats in their lack of effort to reduce our dependence on foreign oil and the \$8 billion tax package in favor of oil and gas production.²⁶ Barton has raised more campaign money from the oil and gas industry- nearly \$931,000 – than from any other industry since 1989 and the oil and gas industry has been Domenici's number one campaign donor since 1989, with \$570,000 in contributions.²⁷ This year, democrats took control over the floor and energy legislation is being addressed, once more, in a more aggressive stance. House Speaker Nancy Pelosi (D-CA) and Harry Reid (D -NV) are forcefully pushing comprehensive legislation through both the Senate and the House. Senator Bingaman (D-NM) proposed an increase in the renewable fuels standard (RFS) to 36 billion gallons until 2022 from 2005 standards of 7.5 billion gallons in 2012. There is debate over the need to increase the RFS because currently ethanol producers are already above standard production and questions about the US's ability to produce the required amount remain a concern.

Ethanol/Renewable Fuels Society: Major players active in the Ethanol Society testified in support of the increase of RFS. Among them were; the National Ethanol Vehicle Coalition, the American Coalition for Ethanol, the Renewable Fuels Association, the Governors Ethanol Coalition, and Clean Energy. There is homogenous support among the groups supporting the 2007 Energy Policy because it would significantly benefit consumers by increasing energy supplies in the US, protecting the environment and by promoting greater competition in the market.²⁹ It is clear that ethanol producers have motives from such stipulations as the small ethanol producers tax credit (who could arguably not survive without these incentives) increased subsidies and possible increase in payment of grain from the agriculture industry.

The bill will benefit the environment by increasing the use of ethanol in fuel to E-85, which produces fewer exhaust emissions, reduced production of smog, decline in respiration illness associated with respiratory illness, and reduce greenhouse gas emissions by as much as 39-46% compared to gasoline.³⁰ The bill will benefit our nations economy because ethanol can help stabilize commodity prices, provide competition, increase net farm income, boosts employment and improve the equilibrium of trade.³¹ The bill will improve the Nation's energy security and reduce the US's dependence on foreign oil by increasing the use of renewable transportation fuels and by reducing fuel consumption through efficiency.³²

Although the Ethanol Society supports the bill they feel in order for the full success of ethanol and biofuel there needs to exist additional research and development programs, improved funding levels for the programs, continued growth of infrastructure with biofuels market. The support of the 110th Congress in expanding the biofuels industry will contribute to ensuring America's future energy security.³³

Petroleum Industry: Among the important Petroleum Industry representatives testifying in renewable fuels hearings were National Petrochemical and Refiners Assoc., and Independent Petroleum Association of America. It is the consensus of the Petroleum Industry that the biofuels market should be driven by economics of the marketplace not by government regulation.³⁴ The Industry feels that because open market dynamics are ignored through simulated and inefficient mandates, alteration of basic economic veracity will occur. The biofuels industry's goals should be economically equal to that of petroleum products. The Petroleum Industry is worried this situation won't be realized as long as the burden of mandates over-rides basic market dynamics.³⁴ Additionally, the petroleum industry argues that demand should precede supply when mandating the infrastructure or flexible fuel vehicles which run on E-85.³⁵

Petroleum Industry's may state the above are their reasons for opposing renewable fuels mandates but they also have other reasons to be concerned. The Energy Policy will repeal billions in subsidies and tax breaks given to big oil companies, and increase taxes on energy companies overseas operations. About \$15 billion in tax incentives from the oil industry and will go directly to pay for new incentives to promote alternative and renewable technology and production.³⁶ Oil executives threatened that higher taxes on oil production would lead to higher gas prices.³⁷ It is important to point out that the oil and gas industry financially support many of the congressmen involved with this legislation such as Domenici and Barton. Even our President has strong ties to the oil and gas industry.

Environmental Groups: Many Environmental Groups including the Natural Resources Defense Council, Public Citizen Environmental Defense, and Global Justice Ecology Project support but have serious concerns with the renewable fuels mandate. They feel without adequate guidelines, biofuel production can induce harm to our lands, forests, water, wildlife, public health and climate.

Policy to expand the use of renewable transportation fuels should include effective performance standards and incentives to ensure that biofuels are part of the solution, rather than part of the problem.³⁸ The environmentalists feel strongly that if the renewable fuels standard is expanded, conventional biofuels should be required to achieve at least a 20% reduction in lifecycle greenhouse gas emissions compared to conventional gasoline. Among other important environmental concerns are that bioenergy feedstock should not be grown on environmentally sensitive lands, bioenergy should be renewable, conversion of natural ecosystem must be avoided, there should be no exemptions and waivers from environmental rules (such as CAA) to promote biomass production and independent certification, market incentives and minimum performance requirement are necessary.³⁹

The environmentalists are disappointed in the Democratic pull toward environmental issues associated with the energy bill. They were aware that it would be difficult in the Senate and now they are hoping the House will pull through to address their concerns in the conference.⁴⁰

The President: President Bush is opposed to segments of both the House and Senate bills and has threatened to veto a bill that is not modified. The President expresses concern over tax cuts directed to the oil and gas industries, which are thriving due to the high costs of gasoline and energy.⁴¹ The President feels that oil and gas provisions would slow down domestic production and increase the price of gas. The administration has also proposed an “alternatives fuel standard” or an increase in the renewable fuels standard of 35 billion gallons annually by 2017 that would include biofuels and other alternatives. This would increase the current target by five times.⁴² The President’s “alternative fuels mandate is in fact more aggressive than that of the Senate. The President is requesting the standards be increased in the final bill. It is interesting that President Bush is so supportive of the renewable transportation fuels when you take into consideration his strong ties with the oil and gas industry. The President is working both sides of

the table with trying to decrease the repercussions of the Petroleum industry and increase expansion of the renewable fuel production and use.

Livestock and Poultry Industry: Only a small number of Livestock and Poultry interest groups were asked to speak in the Committee hearings on renewable transportation fuels. But a large number of organizations, including the American Meat Institute, National Cattlemen's Beef Association, National Chicken Council, and United Egg Producers are participating in the opposition for an increase ethanol production. The Livestock and Poultry Industries understand the need for advanced renewable fuels and support the use of ethanol for biofuels but are opposed to the expansion of grain-based ethanol mandates in the current Energy legislation. These organizations are the largest customers for America's grain and oilseed farmers. They depend on their byproduct to feed their livestock and chickens. The increased Renewable Fuels standard would result in increased production costs, increase the price of food, impair international competitiveness and risk importing agricultural byproducts.⁴³

Action Channels: Construction and mark up of H.R. 6 and H.R. 3221 came from both the House and the Senate in their respective Energy Committees. The Petroleum Industry and the Ethanol/Biofuels Industry were both well represented in the hearings. Even though the Petroleum Industry had high levels of Committee access, monetary resources and power in Congress, through directly funding many Republican Campaigns, this did not ensure their success in the Senate or House Bills. The President is exceptionally supportive of the Petroleum Industry and consequentially threatening to veto the bill if it comes to his desk without provisions. The Ethanol Society on the other hand has had great success working with the Senate and has been relatively unsuccessful changing the stance of the house. This industry is fairly new among the players in energy legislation and has demonstrated a strong stance on their

requests. The Environmentalists, known to be strong lobbyists in both the House and Senate, have been frustrated with the lack of regulation in conjunction with the amplifying production of ethanol and other renewable transportation fuels. Surprisingly, the agriculture industry has had very little ability to lobby or participate in the Committee's hearings. The industry feels they are being undervalued and the consequence of increased ethanol production will result in loss to the economy because of their need to import agriculture byproduct. The agriculture industry significantly supports many large players in this issue, such as Speaker of the House Barbara Boxer (D-CA) and Senate Majority Leader Harry Reid (D-NV). There is considerable debate about what will occur next. Currently the Democratic Party is trying to come to a settlement among themselves without the participation of the Republicans. Whether or not the bill will go to Conference does not diminish the fact that all actors and interests groups involved need to continue with their lobby strategies and increase their influence if they would like the bill go in their favored direction.