Congress of the United States
House of Representatives
Washington, DC 20515

August 1, 2012

Administrator Lisa P. Jackson
U.S. Environmental Protection Agency
Room 300, Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

Dear Administrator Jackson:

As serious drought conditions continue moving across nearly two-thirds of the country, we are at a critical juncture where federal policy meets real world realities. Because of these extreme weather conditions, corn prices are spiking and some analysts are predicting that the U.S. may experience a corn shortage this summer. Relief from the Renewable Fuels Standard (RFS) is extremely urgent because another short corn crop would be devastating to the animal agriculture industry, food manufacturers, foodservice providers, as well as to consumers. We urge you to adjust the RFS mandate for 2012 to account for the anticipated severe shortage in corn.

When Congress enacted the expanded RFS in the Energy Independence and Security Act of 2007 (EISA), the structure was complex. Given the 15 year statutory schedule imposed by the law -- including the specification of four different fuel mandates, each with a separate schedule -- Congress also wanted to ensure that certain "safety valves" for the RFS would be available. Thus, EISA retained and expanded Clean Air Act (CAA) section 211(o) (7). Among other provisions, CAA section 211(o)(7) allows the Administrator of the EPA to reduce the required volume of renewable fuel in any year based on severe harm to the economy or environment of a state, a region or the United States, or in the event of inadequate domestic supply of renewable fuel.

The waiver provisions in CAA section 211(o) (7) are an important part of Congress' intended implementation of the RFS. They help ensure that the domestic economy and environment are protected as we ramp up production and use of renewable fuels and move to broader use of advanced biofuels. Clearly, the Congress in 2007 anticipated that unforeseen circumstances would require the Environmental Protection Agency (EPA) to exercise flexibility with the RFS. We believe that the current weather situation in the United States calls for exactly the kind of flexibility that was envisioned.

One of the nation's worst droughts in fifty years has hit the Midwest especially hard at a very sensitive time for the U.S. grain crops. Earlier this month, the United States Department of Agriculture in its monthly World Agriculture Supply & Demand Estimates (WASDE), announced the largest decline in month-to-month potential yield for corn in its history.

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Currently, only about 31 percent of the corn crop is in "good" or "excellent" condition, representing record lows. While improved weather over the coming weeks may increase yields, much of the damage has already been done. There is not time to replant or find new corn stocks, making it necessary for the government to manage this severe situation.

As a result of these deteriorating conditions, corn prices have risen dramatically over the past few weeks and are likely to remain at record highs. This means literally billions of dollars in increased costs for livestock and poultry producers, and food manufacturers. These dramatic increases put food processing jobs at risk and could cost many family farmers their livelihoods. It is also worth noting that high corn prices have forced some ethanol producers to idle or shutter their plants, costing jobs. Although consumers may not feel the impacts of these increased costs right away, the inevitable result will be more expensive food for Americans and consumers around the world.

As you are aware, U.S. corn prices have consistently risen, and the corn market has been increasingly volatile, since the expansion of the RFS in 2007. This reflects the reality that approximately 40 percent of the corn crop now goes into ethanol production, a dramatic rise since the first ethanol mandates were put into place in 2005. Ethanol now consumes more corn than animal agriculture, a fact directly attributable to the federal mandate. While the government cannot control the weather, it fortunately has one tool still available that can directly impact corn demand. By adjusting the normally rigid Renewable Fuel Standard mandate down to align with current market conditions, the federal government can help avoid a dangerous economic situation because of the prolonged record high cost of corn.

We therefore urge the EPA to consider a fair and meaningful nationwide adjustment to the Renewable Fuels Standard. Prompt action by the EPA can help to ease short supply concerns, literally save jobs across many U.S. industries, and keep families fed. We strongly urge you to exercise your authority and take the necessary steps to protect American consumers and the economy. Thank you for your immediate consideration of this request.

Sincerely,

Bob Goodlatte
Member of Congress

Mike McIntyre
Member of Congress

Steve Womack
Member of Congress

Jim Matheson
Member of Congress

Sandy Adams
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