

Assembly Joint Resolution

No. 15

Introduced by Assembly Member Grove

May 7, 2015

Assembly Joint Resolution No. 15—Relative to renewable fuels.

LEGISLATIVE COUNSEL’S DIGEST

AJR 15, as introduced, Grove. Renewable fuels.

This measure would urge the President and the Congress of the United States to pass meaningful legislation to reform the federal Renewable Fuel Standard program to address specified concerns.

Fiscal committee: no.

1 WHEREAS, Under the federal Clean Air Act (42 U.S.C. Sec.
2 7401 et. seq.), as amended by the Energy Independence and
3 Security Act of 2007 (Public Law 110-140), the United States
4 Environmental Protection Agency (EPA) is required to annually
5 set the standards for the Renewable Fuel Standard (RFS) program;
6 and

7 WHEREAS, For the first time since the RFS was passed in
8 2005, the EPA has proposed lowering the Renewable Volume
9 Obligations (RVOs) because of the market’s inability to sustain
10 the federal ethanol mandate; and

11 WHEREAS, The limitations in the volume of ethanol that can
12 be consumed in gasoline given practical constraints on the supply
13 of higher ethanol blends to the vehicles that can use them and other
14 limits on ethanol blend levels in gasoline, a set of factors commonly
15 referred to as the ethanol “blend wall,” are closer than ever before;
16 and

1 WHEREAS, Due to the blend wall, unnecessary ethanol
2 production is occurring and there is an insufficient market to
3 properly consume the E15 ethanol-gasoline blend; and

4 WHEREAS, The constraints caused by the limitations in the
5 ability of the industry to produce sufficient volumes of qualifying
6 renewable fuel lead to the EPA waiving the required levels of
7 cellulosic ethanol, resulting in a disincentive for manufacturers to
8 move to second generation biofuels due to the RFS and initial
9 investment costs; and

10 WHEREAS, Eighty percent of the nation's biofuel blending
11 requirements continue to be met with ethanol, a percentage
12 disproportionate compared to other biofuels; and

13 WHEREAS, This government-induced demand for corn ethanol
14 is diverting 40 percent of the United States' crops away from food
15 to fuel production. This diversion has wreaked havoc on corn
16 markets, increasing corn price volatility and delivering a major
17 blow to our farmers and food processors that rely on corn for
18 animal feed; and

19 WHEREAS, Elevated corn costs drove prices for feed – the
20 single largest input cost to food producers – to rise, increasing
21 production costs for livestock producers across the state. As a
22 result, hundreds of California dairies have closed since the
23 inception of the RFS; and

24 WHEREAS, Because of the highly volatile marketplace, many
25 producers have reduced their herd size sending beef, pork, eggs,
26 and fish prices up significantly since the inception of the RFS; and

27 WHEREAS, Altogether, the average United States family of
28 four faced a \$2,000 increase in food costs in 2012 due to the effects
29 of higher grain prices brought on largely by the RFS; and

30 WHEREAS, Major automobile makers have publicly stated that
31 certain manufacturers' warranties may be void if gasoline with
32 high ethanol content is used, and many machines with small
33 engines are at risk if gasoline blended with ethanol is used, putting
34 thousands of Californians at risk; and

35 WHEREAS, As a result of the RVOs being consistently finalized
36 well after the EPA's deadlines, a vast number of Californian
37 business are forced to encounter needless uncertainty and market
38 volatility, which results in negative effects on the state's economy;
39 now, therefore, be it

1 *Resolved by the Assembly and the Senate of the State of*
2 *California, jointly,* That to end the uncertainty created by the EPA
3 repeatedly missing its own deadlines for RVO levels each year
4 and to bring fundamental and much needed reform to this costly
5 and unworkable federal policy, the Legislature of the State of
6 California urges the President and the Congress of the United
7 States to pass meaningful legislation to reform the federal
8 Renewable Fuel Standard program; and be it further

9 *Resolved,* That the Chief Clerk of the Assembly transmit copies
10 of this resolution to the President and Vice President of the United
11 States, to the Speaker of the House of Representatives, to the
12 Majority Leader of the Senate, and to each Senator and
13 Representative from California in the Congress of the United
14 States.