Iowa Renewable Fuels Association

November 19, 2014

Representative Dave Loebsack
United States House of Representatives
1527 Longworth HOB
Washington, DC 20515

Dear Representative Loebsack:

It is absolutely critical to our industry that this Congress pass a tax extenders package, which includes provisions for biodiesel blending, cellulosic production and accelerated depreciation, prior to final adjournment.

Given the importance of domestic, renewable alternatives to the U.S. economy, security, and environment, extending these provisions is clearly justified. However, the challenge facing the advanced and next generation alternatives to petroleum is deeply rooted in current U.S. energy and tax policy.

As you are well aware, falling petroleum prices the last few months, while beneficial in many respects, can also create difficult economics for advanced and next generation renewable alternatives. We'd like to bring to your attention a statement from Charles Ebinger, director of the Energy Security Initiative at Brookings in an October 28 article in *The Atlantic*. Mr. Ebinger stated:

> "'The International Energy Industry is saying that at $80 [a barrel], some production will start to shut down, but I was talking to North Dakota producers, and they've said their cheaper wells are okay down to $25 and their higher-cost wells are okay down to $45, because some of their losses would be protected under the federal tax code.' Dakota firms might not drill new wells under that price, but 'they can probably survive down to pretty low levels.'" (highlighting added)

Consider that. At $80 per barrel, some of the marginal oil production (fracking, tar sands, etc.) becomes unprofitable based on economics, but the massive (and long standing) tax preferences for petroleum distort the market to where petroleum will continue to be profitable at less than one-third of the "market" price.

With U.S. energy and tax policy tilted so far in favor of petroleum, if Congress does nothing on the extenders package, there is a very real possibility that many of our industries will suffer. The U.S. will be left with a defacto petroleum mandate. This is the real reason why the future of advanced and next generation petroleum alternatives is highly impacted by the extension of the tax provisions mentioned above.   Attached to this letter is some additional information on how current U.S. energy and tax policy is slanted completely in favor of petroleum.

IRFA members appreciate your attention to these issues and stand ready to assist your efforts in any way. For further information or follow-up, please contact IRFA Executive Director Monte Shaw at 515-252-6249. We look forward to working with you to achieve a more equitable and competitive energy tax policy that moves America, and renewable fuels, forward.

Sincerely:

Ag Processing (AGP)
Sergeant Bluff, Iowa

Steven Mirshak
DuPont Cellulosic Ethanol
Nevada, Iowa

Craig Stuart-Paul
Fiberight
Blairstown, Iowa

Sass Somekh
NuMake, LLC
Clinton, Iowa

Steve Hartig
POET – DSM Advanced Biofuels, LLC
Emmetsburg, Iowa

Delayne Johnson
Quad County Corn Processors
Galva, Iowa

Brad Albin
Renewable Energy Group, Inc.
Ames, Iowa

Tom Brooks
Western Dubuque Biodiesel
Farley, Iowa

Denny Mauser
Western Iowa Energy
Wall Lake, Iowa

Cc: Sen. Tom Harkin
Sen. Chuck Grassley
Rep. Tom Latham
Rep. Steve King
Rep. Bruce Braley