



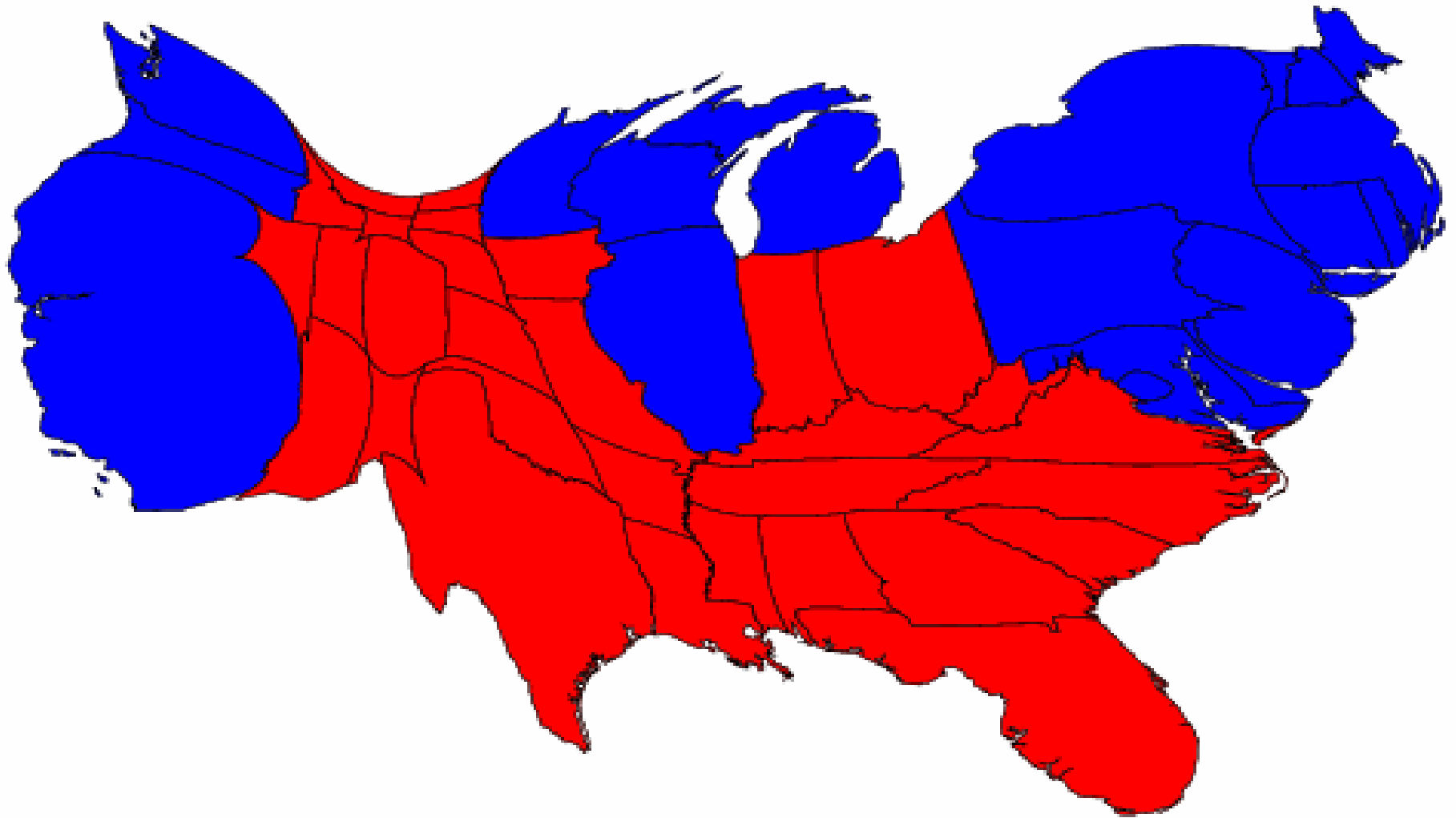
Using Biofuels to Break Our Oil Addiction

Deron Lovaas
Vehicles Campaign Director
August 29, 2006



Natural Resources Defense Council

Divided America



Source: University of Michigan

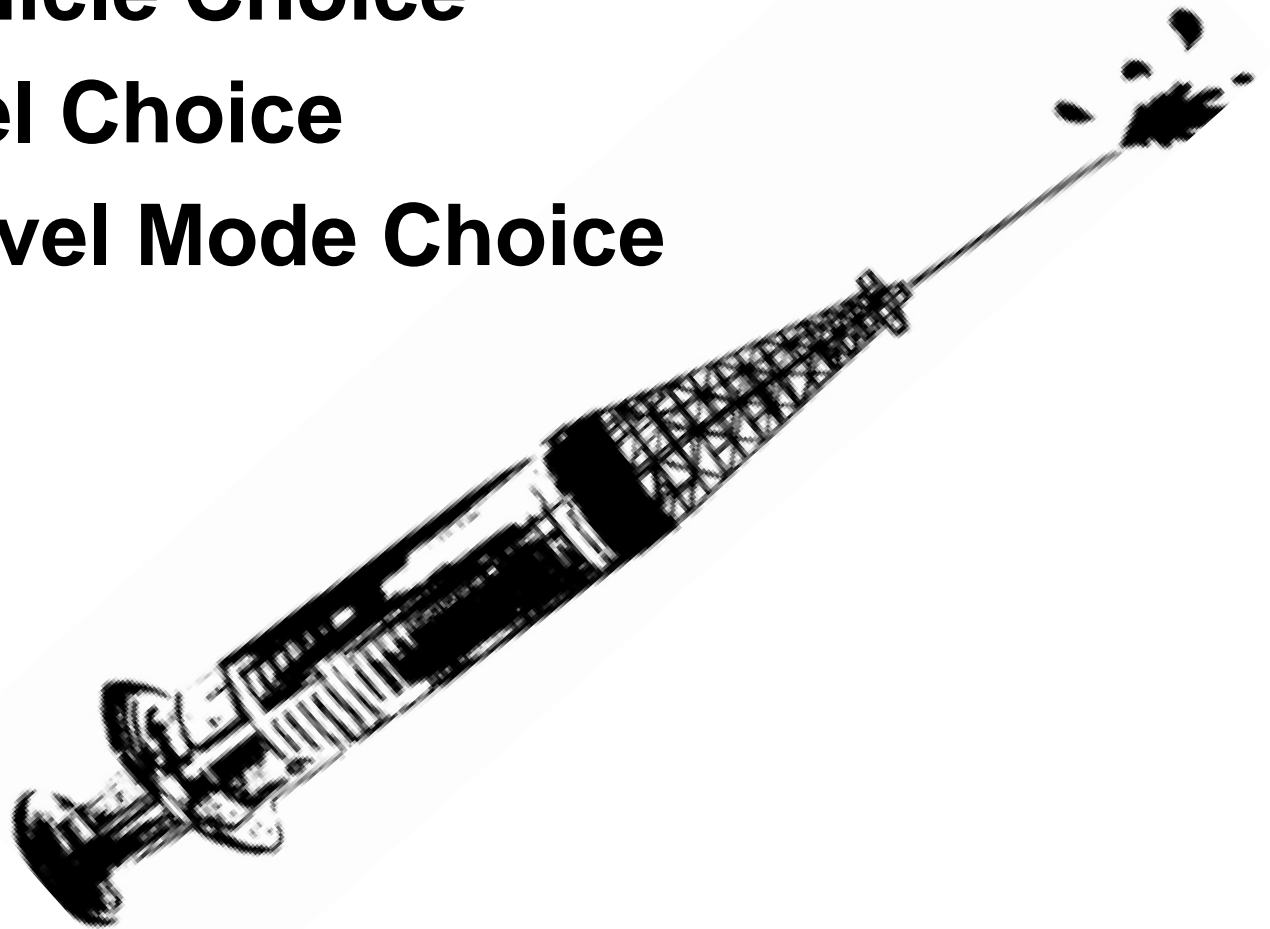
Set America Free Coalition

- Hawks concerned about paying for both sides of the war on terror at the pump; terrorist targeting of supply lines; and conflict with China (IAGS, Frank Gaffney, etc.)
- Greens concerned about pollution (NRDC)
- Religious conservatives concerned about sending \$ to states that limit freedom (Gary Bauer of American Values Coalition)
- Labor concerned about loss of domestic auto jobs and global competition (Apollo Alliance)



Three-Step Program

- **First, Set Inspiring Goals**
- **Step 1: Vehicle Choice**
- **Step 2: Fuel Choice**
- **Step 3: Travel Mode Choice**



Accountability for Achieving Specified Ends

- **Oil savings of 2.5 million barrels a day within 10 years, higher levels beyond**
- **Multi-agency, multi-sector action plan**
- **Baseline: DOE oil use forecast**
- **Agencies adopt rules to achieve goals**
- **Regular reviews and updates to action plan as necessary to keep on course**

Why Efficiency Matters

- **Slowing global warming**
 - Efficiency can deliver substantial benefits in 2010-2020 timeframe, whereas alt fuels 2020+
- **Avoiding high carbon fossil fuel investments**
 - Reducing demand and tempering oil prices using efficiency can help delay the need to invest in new costly sources until clean, renewable fuels are cost competitive
- **Efficiency needed for alt fuel success**
 - Cuts resource requirement for alt fuel production
 - Extend range and reduces operating cost for alt fuel cars



Step 1: Renewing Detroit

- **Tax credits, loan guarantees, and grants to manufacturers and suppliers to retool factories**
- **Lift cap on number of consumer tax credits for advanced vehicles**
- **Close tax loophole that encourages businesses to buy very large SUVs**



Ford's prototype E-85 FFV Hybrid

Step 2: Next-generation Biofuels

- **New targets for ethanol production, especially cellulosic**
- **Requirements and incentives to install retail fuel pumps and make new cars fuel-flexible**



Step 3: Choice of Travel Mode



- **Transit investments**
- **Incentives for Transit-Oriented Development**

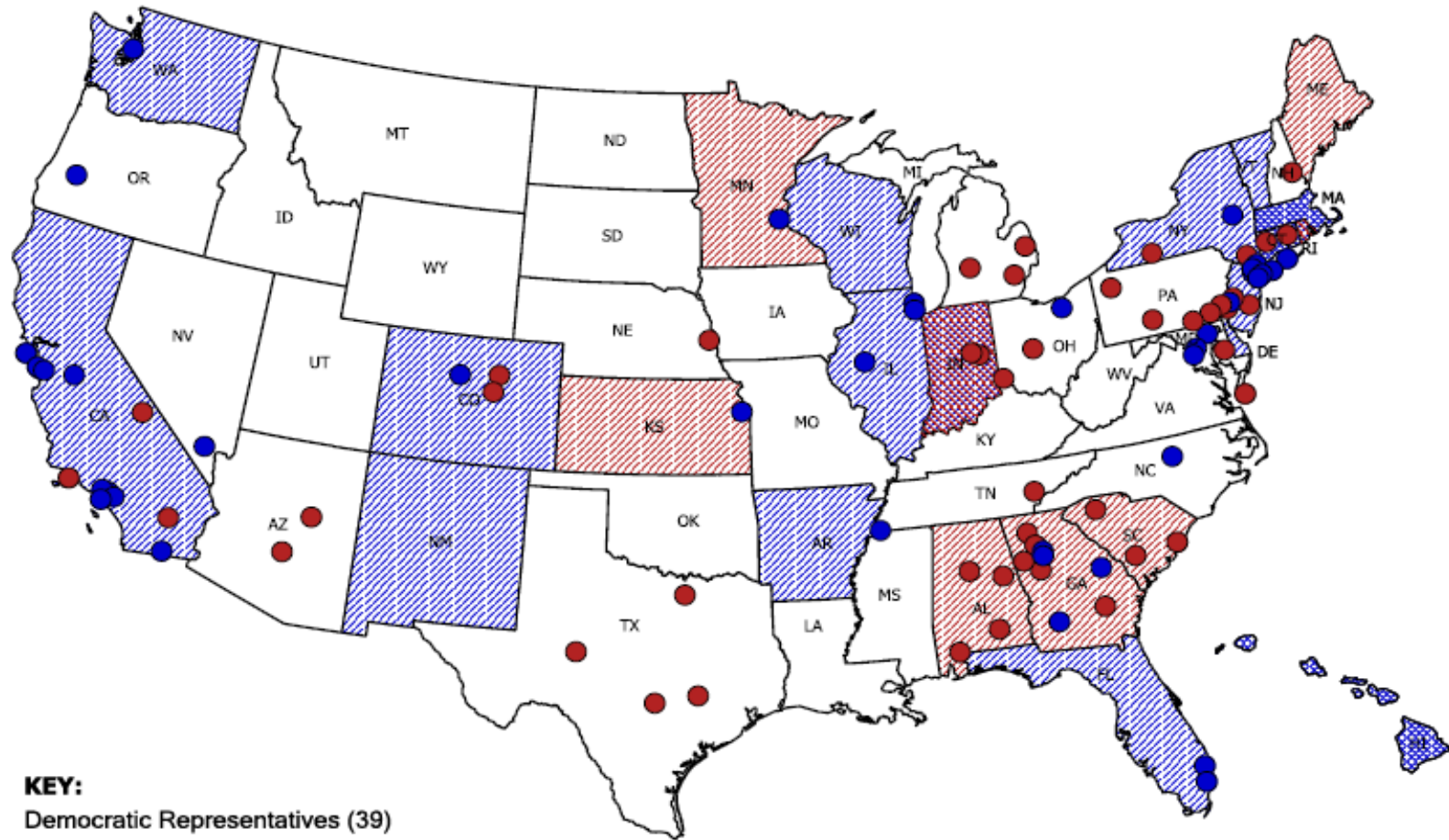
Vehicle and Fuel Choices for American Security Act

- **Bipartisan oil savings bills unveiled 11/05**
- **S. 2025: 28 Senate co-sponsors: Lieberman (D-CT), Brownback (R-KS), Bayh (D-IN), Coleman (R-MN), Salazar (D-CO), Graham (R-SC), Nelson (D-FL), Sessions (R-AL)...**
- **HR 4409: 88 co-sponsors for companion House Bill: Kingston (R-GA), Barrow (D-GA), Engel (D-NY), Saxton (R-NJ), Gilchrest (R-MD)...**



Bridging the Divide

Strong Bipartisan Support for S. 2025 and H.R. 4409



KEY:

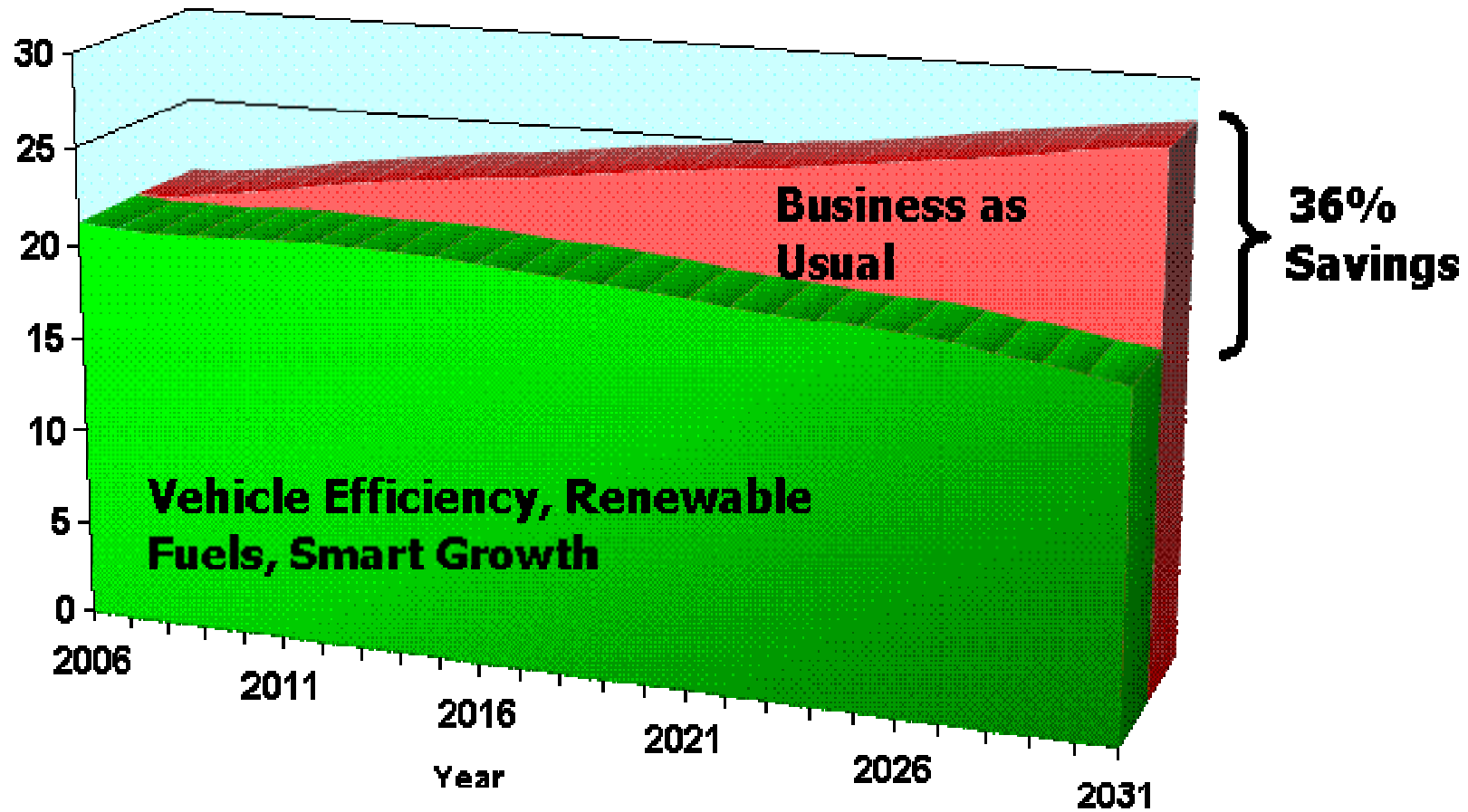
- Democratic Representatives (39)
- Republican Representatives (49)
- ▨ Democratic Senators (20)
- ▨ Republican Senators (8)

● PR

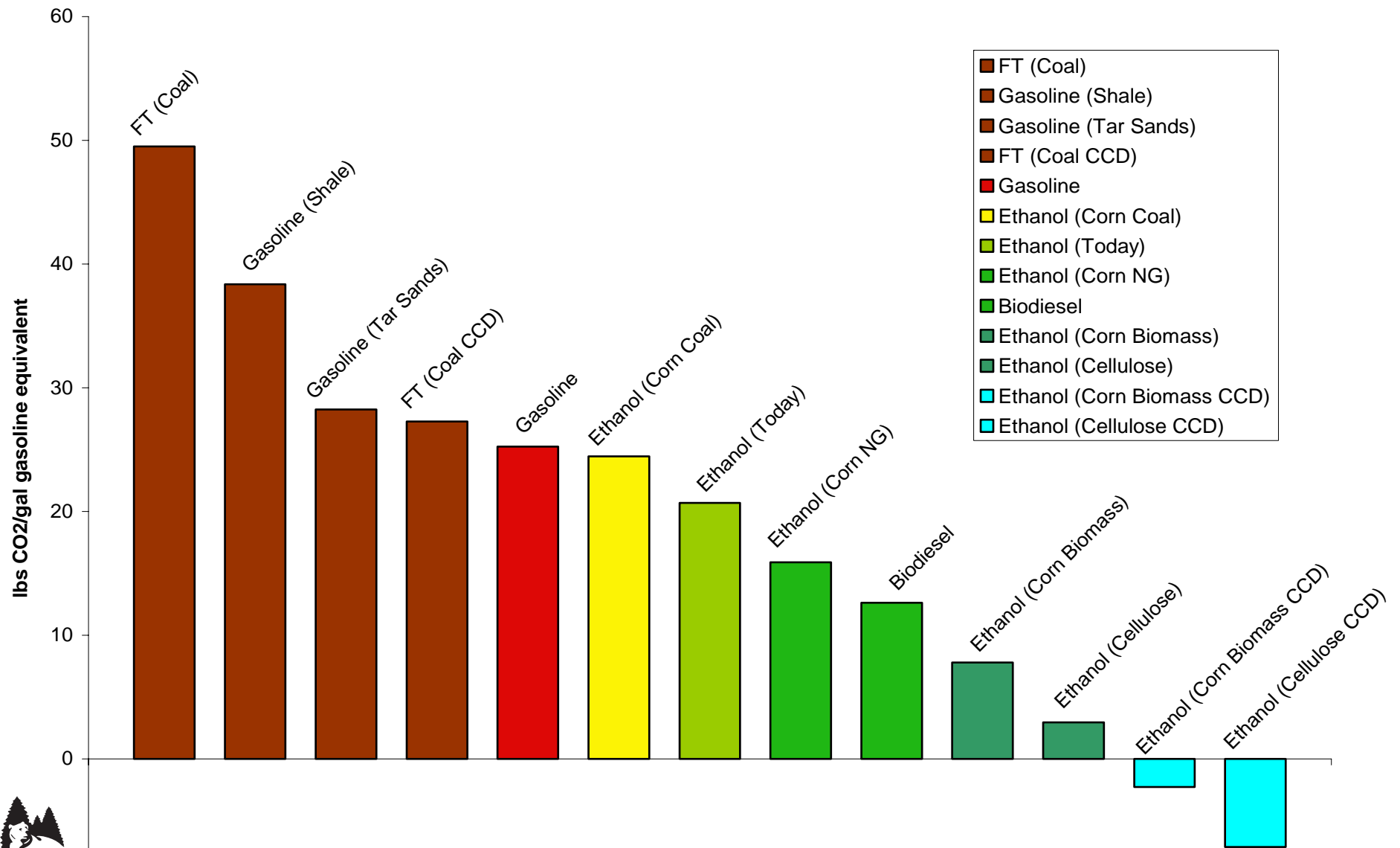
Breaking the Habit

Oil Demand

Millions of Barrels Per Day



Prices Drive U.S. to Liquid Fuels Crossroads



Next Steps: “Clean Path” Policy Reform

- **Boost RFS & target cellulosic ethanol and E85**
- **Provide smarter incentives for biofuels**
- **Require E85 pumps**
- **Require more flex-fuel vehicles (w/o extending CAFE credit)**
- **Link RFS and tax credits to lifecycle oil displacement and GHG emissions reductions**
- **Establish market mechanisms for differentiation**
- **Establish performance-based credits for biodiesel**
- **Update “Complex Model” for air quality performance**

Thank you! For more information...

www.nrdc.org/breakthechain

BREAK THE CHAIN IS A PROJECT OF THE NATURAL RESOURCES DEFENSE COUNCIL

BREAK THE CHAIN

AND END OUR DEPENDENCE ON OIL

NRDC
THE EARTH'S BEST DEFENSE

CHAINED: AMERICA'S VEHICLES TODAY

HOW TO BREAK FREE: TECHNOLOGY & INNOVATION

HELP BREAK THE CHAIN: TAKE ACTION NOW