

Ethanol Must Be Part of Any New COVID-19 Aid Measure, RFA Tells House Panel

Congress should include the U.S. ethanol industry in any future coronavirus disease 2019 (COVID-19) economic relief bills, the head of the Renewable Fuels Association (RFA), told the House Energy and Commerce Committee ahead of a Tuesday hearing that examined the pandemic's impact on the country's energy sector.

In a Monday letter, RFA President and CEO Geoff Cooper asked that Congress, as it considers measures to aid parts of the economy that have been hit the hardest by the virus outbreak, ensure that the ethanol industry is "not left behind. Protecting the health and soundness of the renewable fuels industry is vital to the economic prosperity of rural America."

Cooper told committee members that plunging gasoline demand in the wake of state stay-at-home orders forced offline about half of U.S. ethanol production capacity from early March to mid-April.

That drop in demand, he said, came at a time when the industry was already suffering from a production dispute between Saudi Arabia and Russia that drove prices for all liquid fuels "to their lowest point in several decades" and put the ethanol industry "on the brink of disaster."

Cooper also warned lawmakers that ethanol sales this year are expected to decline by more than \$10 billion and the industry's contribution to gross domestic product could drop by nearly one-third.

While Congress has passed several COVID-19 aid packages, such as the Paycheck Protection Program, which provides forgivable loans to small businesses to cover payroll and other operating costs, Cooper said a broad stimulus bill approved by the House last month that included financial assistance for the renewable fuels industry, would provide ethanol producers with a "crucial helping hand."

According to the latest data from nonprofit consumer advocacy group Allied Progress, ethanol producers Southwest Iowa Renewable Energy, Pacific Ethanol, Gevo, Red Trail Energy and Cardinal Ethanol have all received PPP loans.

The HEROES Act, which passed with mostly Democratic support, contains language that would pay biofuel producers 45cts/gal for output during the first four months of the year. The measure, however, is not considered likely to gain sufficient support in the Senate.

Cooper also said recent indications from the EPA and the U.S. Department of Energy that refineries have filed retroactive petitions for small refinery exemptions and requests from six-refining state governors to waive the 2020 renewable volume obligation are "fueling uncertainty in the market and further harming U.S. ethanol producers."

"Now, more than ever, the ethanol industry needs the certainty, stability and assured market access that the RFS was intended to provide," Cooper said. "Now is not the time to see it eroded by an [EPA] that appears intent upon boosting the profits of oil companies at the expense of farmers and consumers across the country."

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