

March 7, 2012

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, DC 20510

Dear Leaders Reid and McConnell:

We are writing you today in support of the bipartisan Open Fuel Standard Amendment (S.A. 1657) to the pending transportation bill that is being considered by the Senate. This simple, no-cost amendment would ensure that new light-duty vehicles that are sold in America enable real energy competition at the pump and help to break the stranglehold that gasoline has on our economy. The amendment will ensure that new cars are able to operate on something besides just gasoline, but leaves it to the marketplace and consumers to decide the technologies and fuels that will ultimately have the biggest impact.

Natural gas vehicles, electric vehicles, hydrogen, fuel cells, bi-fuel and alcohol flex fuel vehicles – all of these technologies and more are included in this comprehensive bill which does not favor any one approach over the other, but instead recognizes that America needs an ‘all of the above’ solution that effectively combats the monopoly that gasoline and oil have over our transportation economy. With over 95% of the vehicles on the road today capable of running on nothing but gasoline, our ability to create change is limited by the technology that is being made available to American consumers – gasoline-only cars.

One of the greatest challenges facing technologies that hope to improve the aged transportation industry is the chicken-and-the-egg conundrum of fuel station owners not wanting to install a pump or charging station when so few vehicles are available and automakers claiming that the cars are useless when not enough refueling stations exist. When alternative vehicles are put on the road, fueling station owners are incentivized to install pumps and chargers to meet the growing demand for these fuels – and putting vehicles in consumers’ hands is the first part of that puzzle.

Ford and other Detroit automakers pioneered methanol FFV technology in the United States over 20 years ago and put thousands of these vehicles on the roads before abruptly closing the door on these efforts due to a quick decline in gasoline costs – a scenario Americans have suffered through numerous times when innovation is cut short because OPEC allows prices to fall for a few months.

General Motors Vice Chairman Tom Stephens said it best in a keynote presentation: while in fact a paltry 4% of vehicles on the road today are flex fuel vehicles, 90% of FFV owners do not have an E85 pump in their zip code and more than 50% do not have a pump anywhere in their county. Automakers would like to see more alternative fueling stations deployed too, but they are not willing to produce more alternative fueling vehicles unless they are allotted a larger CAFE Standards loophole so they can avoid increasing vehicle efficiency. More specifically, automakers should actually be asked to live up to their promise to Congress to produce 50% of their vehicles as FFVs by 2012 – a promise they will fall woefully short of because it is not being enforced; a promise made to Members of Congress while they sought an immense government bailout.

The Open Fuel Standard Act is in fact designed to hold the automakers to their word, while actually expanding the requirement to give the automakers more time and more options for the type of vehicles to produce instead of limiting them to just FFVs. It is a bill that calls for innovation and competition, but most importantly it calls on our manufacturing sector to take action.

By putting an ever increasing number of flexible and alternative fueling vehicles of all types on the road, fuel station owners are able to make a competitive economic case for installing new pumps and fueling infrastructure. Moreover, there is no cost imposed on the federal government; instead allowing automakers the opportunity to find market-driven solutions for meeting the requirement.

In short, the Open Fuel Standard Act is the simplest, least-costly approach to reducing the strategic importance of oil and the corresponding liability of gasoline price spikes that wreak havoc on our economy and American family budgets. There is a widespread consensus on these facts:

- Competition is the bedrock of our American way of life, but oil has a virtual monopoly over transportation fuel. Ninety-seven percent of the fuel used to transport people and goods in the United States is based on petroleum.

- When the price of a barrel of oil reaches \$100, America sends \$400 billion per year overseas for oil, a drastic disparity in our balance of payments to foreign nations.

- America is rich in a variety of energy commodities and other feedstocks that can be converted into fuels that are considerably less expensive than petroleum.

- Methanol in particular, which is currently produced in America and around the world for use as a fuel, a key component in biodiesel production, and as a chemical feedstock, costs \$.30 - \$.40 less per energy equivalent gallon than gasoline, is just one of many energy solutions included.

- FFVs that are capable of running on multiple types of alcohol fuel in addition to gasoline, cost about \$70 more per car – about a third as much as the proposed back-up camera mandate - and would save households more than \$1250 per year at current pump prices.

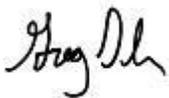
The Open Fuels Standard Act is technology and fuel-neutral, does not require any new tax breaks or subsidies, and enjoys strong support across the entire political spectrum as reflected by the diverse group of cosponsors for the companion bill in the House, H.R. 1687.

Consider the case of natural gas; unlike oil prices, which are expected to continue to rise significantly, the price of natural gas has been on the decline for years. Among other available and promising options, the Open Fuels Standard would open the door to methanol, a liquid fuel produced from affordable natural gas that can run in flexible fuel vehicles or be blended into gasoline at low levels.

A recent MIT report called “The Future of Natural Gas” determined that methanol “is the liquid fuel that is most efficiently and inexpensively produced from natural gas.” Methanol can also be made from coal, biomass, or municipal solid waste, and some of the most innovative companies in the world are recycling carbon dioxide directly into methanol, and is significantly less costly than gasoline on an energy equivalent basis. Where some raise concerns about using food sources as fuel feedstock, methanol is a much more affordable fuel that can be made from almost anything – leaving food stocks for both our ranchers and our own plates.

The automakers have been reticent in moving forward with proven technologies that are available today at low cost, and instead have largely pushed off blame onto retail fueling stations. American households are demanding answers to the ever rising costs of transportation, and the Open Fuel Standard Amendment is a no cost solution that can provide relief in the near term while we continue to explore and innovate as a nation to develop long-term solutions to our energy challenges. We urge you to consider adopting the Open Fuels Standard Amendment in the transportation bill now on the Senate floor. We cannot think of any Act of Congress that would have a more lasting impact on America’s energy security.

Sincerely,



Gregory Dolan
Acting CEO