

July 23, 2010

The Honorable Ron Wyden
223 Dirksen Senate Office Building
United States Senate
Washington, District of Columbia 20510

Dear Senator Wyden:

I am writing to you today on behalf of the American Trucking Associations (ATA)¹ to express our industry's concerns with the potential inclusion of a Low Carbon Fuel Standard (LCFS) in any energy or climate change legislation taken up by the Senate. An LCFS would increase the price of fuel without producing a meaningful reduction in carbon emissions and would further erode U.S. energy security. While ATA strongly supports efforts to reduce carbon emissions and fuel consumption, an LCFS will not achieve either of these objectives.

Impact on Price of Fuel: An LCFS will act as a new fuel tax. By forcing refiners to blend increasing amounts of expensive biofuels, the cost of which will be passed on to the trucking industry and other consumers, the LCFS is a government mandate that raises the price of fuel. For example, biodiesel currently sells for about \$1.50 more per gallon than ultra low sulfur diesel. While increasing the price of fuel may force consumers to use less fuel, the trucking industry is a non-discretionary consumer of diesel fuel that will continue to burn approximately 34 billion gallons of diesel fuel to deliver virtually every consumer good in the U.S. Simply increasing the cost of fuel will not reduce the amount of food, clothing, and other consumer goods that are transported by truck and therefore will not reduce the trucking industry's fuel consumption. Furthermore, the increased fuel costs will divert resources from the trucking industry that could be used to finance investments in cleaner, safer equipment and our nation's infrastructure. Moreover, if sufficient quantities of low carbon biofuels are not available in the marketplace, then the trucking industry could be forced to convert to natural gas, notwithstanding the enormous difference in vehicle cost, operational and maintenance challenges, and the lack of a competitive natural gas refueling infrastructure.

Impact on U.S. Energy Security: An LCFS also would have serious consequences for America's long-term energy security, by precluding the use of certain Canadian fuels and increasing our dependence on unstable regions of the world. Approximately 10 percent of the oil we currently consume is derived from the Canadian oil sands. An LCFS will force refiners to replace this safe, reliable petroleum source with oil from less stable regions. As a result, an LCFS would redirect billions of dollars, currently going to our most trusted ally Canada, to countries that may not view the U.S. favorably.

¹ The American Trucking Associations is the largest national trade association for the trucking industry. Through a federation of other trucking groups, industry-related conferences, and its 50 affiliated state trucking associations, ATA represents more than 37,000 members covering every type of motor carrier in the United States.

Impact on Global Carbon Emissions: Perhaps the most perverse result of an LCFS is that it will not reduce global carbon emissions. While this may sound counterintuitive, it is true. For example, an LCFS will prevent U.S. refineries from refining Canadian oil sands. If the U.S. does not purchase this oil, Canada likely will export it to China. The carbon emissions associated with producing oil from Canadian oil sands will be the same regardless of whether that oil is consumed in the U.S. or in China. However, the energy and carbon emissions associated with transporting that oil to China by supertanker will be greater than the carbon emissions that result from transporting the oil to the U.S. by pipeline. As such, an LCFS that prevents the U.S. from using Canadian oil sands will actually result in a net increase in carbon emissions.

Impact on Truck Operability: We also have concerns with the impact a LCFS will have on truck operability. While the trucking industry supports the voluntary use of high quality renewable diesel, high percentage blends of biodiesel interfere with truck operability. Biodiesel performs poorly in cold weather, has a lower energy content than ultra low sulfur diesel fuel and adversely impacts truck fuel economy, and requires more frequent fuel filter changes. Moreover, EPA has not done a good job policing biodiesel quality and significant amounts of biodiesel that are sold do not meet applicable fuel quality standards. Finally, we note that the lifecycle carbon emissions associated with biodiesel and the determination of whether this alternative fuel can qualify as a low carbon alternative to diesel are still the subject of an ongoing scientific debate.

The trucking industry has never shied away from stepping up to the plate to reduce its emissions. Just last month ATA joined President Obama at the White House for a ceremony where the President directed the U.S. Department of Transportation and the Environmental Protection Agency to jointly develop national standards for fuel economy and greenhouse gas emissions for heavy- and medium-duty trucks. The President's announcement effectively endorsed and recognized one of ATA's key carbon-reduction recommendations in our 2008 Sustainability Plan.² In his remarks the President said that products and technologies available today could improve truck fuel economy by 25 percent by 2018. While truck fuel economy standards will come at a substantial cost to our industry, the carbon reductions that will be achieved are both quantifiable and verifiable.

Sincerely,



Bill Graves

² To view ATA's *Strategies for Reducing the Trucking Industry's Carbon Footprint* go to: http://www.trucksdeliver.org/pdfs/Campaign_Executive_Summary.pdf.