

Renewable Fuels Legislation Impact Analysis

Table 1. Comparison of Major Provisions of S. 606, S. 650, and the Conference Energy Bill of 2003 (CEB)

Item	S. 606	S. 650	CEB
Renewable Fuels Program	Billion Gallons per Year		
2006.....	3.8	4.0	3.3
2007.....	4.1	4.7	3.5
2008.....	4.5	5.4	3.8
2009.....	4.9	6.1	4.1
2010.....	5.3	6.8	4.4
2011.....	5.7	7.4	4.7
2012.....	6.0	8.0	5.0
2013+.....	Proportional to renewable fuels/gasoline ratio in 2012	Proportional to renewable fuels/gasoline ratio in 2012	Proportional to renewable fuels/gasoline ratio in 2012
Coverage.....	Ethanol and biodiesel	Ethanol and biodiesel	Ethanol and biodiesel
Cellulosic Biomass Ethanol....	1 gallon of cellulosic biomass ethanol equivalent to 1.5 gallons of renewable fuel	1 gallon of cellulosic biomass ethanol equivalent to 2.5 gallons of renewable fuel	1 gallon of cellulosic biomass ethanol equivalent to 1.5 gallons of renewable fuel; but equivalent to 2.5 gallons of renewable fuel if it is derived from agricultural residues or byproducts
Safe Harbor ^a	For renewable fuels only, not for ethers (e.g., MTBE)	No safe harbor clause	Safe harbor for both renewable fuels and MTBE
MTBE Restriction.....	MTBE banned 4 years after enactment of bill	No Federal ban on MTBE	MTBE banned by 2015
Oxygen Waiver in Reformulated Gasoline (RFG) ^b	Yes	Yes	Yes
Grants and/or Loan Guarantees.....	Miscellaneous grants and loan guarantees to facilitate renewable fuel production and transition MTBE out of gasoline	None	Similar to loan guarantees and grants in S. 606.

^aSafe harbor provides limited protection for certain products against defect claims when used for gasoline blending.

^bCurrently, reformulated gasoline requires 2-percent oxygen by weight, which is satisfied largely by blending with either ethanol or MTBE.

Table 2. Impact on Gasoline Price Compared to Base Case, 2012, 2025, and 2006-2025 Average

Average Price Differential ^a (2003 Cents per Gallon)	2012	2025	2006-2025 Average
All Gasoline, Without Energy Content Adjustment			
S. 606	0.9	0.5	0.9
S. 650	0.1	0.9	0.8

^aThe Base case for this analysis is a modification of the *AEO2005* October oil futures case, with augmented corn ethanol supply.

Source: National Energy Modeling System, runs BASEHIMPR.D063005F, S606HIMPR.D063005F, and S650HIMPR.D063005C.

Table 3. Gasoline Consumption and Consumer Spending on Gasoline, 2012, 2025, and 2006-2025 Average

	2012	2025	2006-2025 Average
Consumption (million barrels per day)			
Base Case	10.26	11.73	10.65
S. 606	10.22	11.71	10.63
S. 650	10.32	11.76	10.68
Expenditures (billion 2003 dollars)			
Base Case	260.4	306.1	274.1
S. 606	260.7	306.6	275.0
S. 650	262.1	308.5	276.3

^aThe Base case for this analysis is a modification of the *AEO2005* October oil futures case, with augmented corn ethanol supply.

Source: National Energy Modeling System, runs BASEHIMPR.D063005F, S606HIMPR.D063005F, and D650HIMPR.D063005C.

Table 4. Tax Revenue Implications of the RFP Cases, 2006-2010 and 2011-2025

Average Change in Cumulative Tax Revenues (Billion 2003 Dollars) ^a	2006-2010			2011-2025		
	Base Case	S. 606	S. 650	Base Case	S. 606	S. 650
Ethanol Credit ^b	-12.2	-12.6	-12.9	-30.9	-34.8	-42.9
Change in Gasoline Tax Revenue ^c	1.5	1.5	1.5	3.7	4.1	5.1
Net Change in Federal Tax Revenue	-10.7	-11.1	-11.4	-27.2	-30.7	-37.8

^aLoss of Federal tax revenue in each case is relative to a hypothetical gasoline market where no ethanol is blended in gasoline.

^bThe Federal tax credit for ethanol is \$0.51 per gallon of fuel ethanol (nominal).

^cThe Federal excise tax on gasoline is \$0.184 per gallon.

Source: National Energy Modeling System, runs BASEHIMPR.D063005F, S606HIMPR.D063005F, and S650HIMPR.D063005C.