

Testimony of Richard Childress

President and CEO

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Chairman Stabenow, Ranking Member Cochran, and Members of the Senate Agriculture Committee, thank you for allowing me this opportunity to testify today regarding the positive role a new ethanol fuel blend is playing in NASCAR races week in and week out.

My name is Richard Childress, and I am the president and chief executive officer of Richard Childress Racing (RCR). I have spent 45 years in NASCAR, first as a driver for about a dozen years, and then as the manager and owner of a racing team for more than 30 years. I have been fortunate enough to be a part of a long-term, very successful racing team. RCR racers have earned six Sprint Cup championships, six Nationwide Series championships, and 2 NASCAR Camping World Truck Series championships.

In addition to my work in motorsports, I am also an avid sportsman who sits on the Board of Directors for the National Rifle Association and the Congressional Sportsmen's Foundation. I am also involved in agriculture as the proprietor of Childress Vineyards in Lexington, N.C., and Yadkin River Angus in Clemmons, N.C.

I also serve on the board of directors at Growth Energy, the country's leading trade association of ethanol and renewable fuel producers. Growth Energy represents 82 ethanol plants in 14 states, 84 associate members involved in the value chain of producing ethanol, and 50,000 grassroots supporters. Our plants produce ethanol from grain and are leaders in innovating in second-generation fuels from sources like plant wastes and algae.

RCR didn't become as successful as it has been by not paying attention to the performance details of our racecars. So, when NASCAR decided to switch to a 15 percent ethanol fuel, Sunoco Green E15, in 2011, we did our homework. We didn't listen to the negative rhetoric surrounding ethanol and the fuel's performance in vehicles. We did our own testing, and I can say that switching fuels has gone fantastic, and has been a very welcomed switch throughout NASCAR. Since switching fuels, we have seen increased horsepower from a higher-octane ethanol fuel blend and decreased emissions. In our own internal tests at RCR we used ethanol blends up to E30, finding no issues. These are things I and our drivers are really excited about.

I think expanding and growing our use of biofuels is a key component to helping farmers make a living, while at the same time delivering environmental benefits that can be enjoyed by all Americans. I think what NASCAR has done to show the performance side of ethanol is key.

Biofuels like ethanol keep money we would normally send abroad for oil in the U.S., creating jobs and economic activity here instead of overseas. Studies show that moving the U.S. to the same fuel blend we use in NASCAR would add 136,000 new American jobs, limit greenhouse gas emissions even more and reduce the demand for gasoline produced from foreign oil by up to 7 billion gallons.

From my vantage point, we ought to be doing things that help U.S. drivers adopt biofuels and encourage companies like those on the panel with me today to produce advanced and cellulosic biofuels. This includes things like helping retailers and drivers access E15, keeping the Renewable Fuel Standard intact, and incentivizing the production of advanced and cellulosic biofuels.

I'd also like to take this opportunity to go more in depth on a few other topic areas today. My testimony covers four key topics:

- The Success of the RFS
- EPA's misguided approach to the RFS
- Background on E15
- NASCAR's experience with Sunoco Green E15

Success of the RFS

I believe the Renewable Fuel Standard (RFS) is a very successful policy. It has created American jobs, revitalized rural America, reduced our dependence on foreign oil, made our nation more energy independent, injected much-needed competition into a monopolized vehicle fuels market, and improved the environment. That is a great record of accomplishment.

In particular, the RFS:

- Makes our nation more secure by reducing our dangerous dependence on foreign oil by 33 percent.
- Has opened up the vehicle fuels market, injecting much needed competition and providing drivers a choice at the pump.
- Supports 400,000 American jobs and generates \$42 billion in economic activity.
- Reduces greenhouse gas emissions and improves the environment.

The RFS is the key federal policy that has spurred billions of dollars of investment in America's cutting-edge biofuels industry. It has been the primary driver behind the only large-scale, commercially-viable alternative to regular gasoline – ethanol. Because of the forward-looking, long-term nature of the policy, the United States leads the world in innovation in biofuels, attracting investment from around the world. Today, because of the RFS, there are more than 200 ethanol biorefineries across the country and dozens of projects that will make advanced or cellulosic biofuels.

EPA's misguided approach to the RFS

The EPA proposal sets us back on the path to fulfilling the RFS, will stifle investment in biofuels, and will encourage further and more intensive efforts to gut the RFS in the years ahead. It would cause severe harm to farmers, the biofuels industry, and the nation's economy. The proposal is already creating great uncertainty for farmers and other industry investors.

The RFS was approved by a bipartisan majority in Congress and enacted into law nearly six years ago. Since that time, the oil industry has refused to take any steps to allow higher biofuel blends into the consumer marketplace and now claims that the volumes of the RFS cannot be met because of the so-called "blend wall".

The EPA's proposal to waive the statutory renewable fuel volumes ignores the potential for higher ethanol blends like E15 and most importantly it does not follow Congressional intent in creating the RFS program.

The proposal directly threatens an American-made biofuels industry at a time when our nation can least afford to lose jobs. Companies from all over the world have invested billions of dollars in first and second generation biofuels in the U.S. and are poised to do more. Arbitrarily reducing the levels established in the statute threatens these investments that are making commercial production of cellulosic ethanol a reality – projects that will help achieve the significant greenhouse gas reduction goals outlined in the RFS.

By 2022, EPA estimates that the RFS will reduce greenhouse gas emissions by 138 million metric tons or the equivalent of taking 27 million passenger vehicles off the road. In particular, studies show that traditional corn ethanol reduces greenhouse gas emissions on average by 34 percent compared to gasoline.

As we move to the second generation of biofuels, greenhouse gas emissions will be even further reduced. Recent studies have shown that using switchgrass and corn stover to produce cellulosic ethanol will reduce greenhouse gas emissions as much as 94 percent and over 100 percent respectively.

The long-term certainty of the RFS has and continues to drive significant investment in the next generation of biofuels and new technologies both in ethanol production and in agriculture. By increasing yields, increasing efficiency, and deploying new technologies, ethanol and agriculture production continues to soften its footprint on the environment – particularly as fossil fuels like crude oil and natural gas become harder and harder to extract. Only by keeping this policy in place will we continue to see this type of investment in more efficient systems to improve our environment.

The RFS has been essential to providing access to the market for American-made ethanol. Without a market, the jobs and rural development would go away and the key investments that are now being made to get to the next generation of biofuels are simply not going to be made. To further this success, it is essential that the market for ethanol not be arbitrarily capped at 10 percent. Farmers and plants have delivered on the promise of the RFS and are poised to do more with higher ethanol blends like E15 – it is essential that this market expand the opportunities for American consumers to have a real choice at the pump.

Background on E15

When the federal Renewable Fuels Standard (RFS) was first created, it was apparent that our nation's energy infrastructure and economy needed a wider market for renewable fuels. Even under fuel use assumptions in 2007, higher-level ethanol blends like E15 would be required. Unfortunately, many critics have done everything in their power to prohibit consumers from getting a true choice at the pump with ethanol blends above 10 percent.

In those fueling stations where retailers have been able to offer E15, we have seen robust sales because E15 is less expensive, safe for use, and high performance.

Growth Energy led the way over five years ago by filing a waiver with the U.S. EPA to allow the sale of ethanol blends up to E15. By moving the nation to E15, we will further lower the price at the pump, limit greenhouse gas emissions, and create thousands of American jobs.

More testing was done on E15 than any other fuel ever approved by EPA under the Clean Air Act, with the Department of Energy (DOE) testing 86 vehicles for a total of 6 million miles. With DOE's data in hand, the EPA ultimately approved the waiver in January 2011 for all 2001 and newer vehicles – more than 80 percent of the vehicles on the road today.

Unfortunately, many other criticisms of E15 have been made with no scientific basis whatsoever. For example, an oil industry funded-study of E15 by the Coordinating Research Council (CRC) is significantly flawed with DOE publicly releasing a direct response entitled “Getting It Right: Accurate Testing and Assessments Critical to Deploying the Next Generation of Auto Fuels” (<http://energy.gov/articles/getting-it-right-accurate-testing-and-assessments-critical-deploying-next-generation-auto>). First, the CRC was extremely limited – only testing eight vehicles while the DOE tested 86. CRC also failed to test the engines on E10, the standard consumer gasoline found throughout the United States. CRC only tested 3 of the 8 vehicles on ethanol free gasoline and even one of those failed. CRC also chose two engines that had existing durability issues – one of which had even been recalled. The test was also specifically designed to stress the engine valve train. To sum up their findings, DOE said, “We believe the [CRC] study is significantly flawed.” DOE's findings were also recently validated by the National Renewable Energy Lab (NREL).

In fact, our own Engine Technical Director at RCR Racing, Dr. Andy Randolph reached similar conclusions about the flawed CRC study as well. And as we've seen on the track, E15 continues to be an overwhelming success.

NASCAR's experience with E15

NASCAR is the most-watched motorsport in the USA with over 100 million television viewers annually, and is the number two sport in the USA, on television, second only to the NFL. An average of over 100,000 fans attend the national series racing events per week at venues across the country. NASCAR fans are passionately devoted to the sport and care deeply, based on NASCAR research, about conservation of the environment, job creation in the USA, and energy security.

Based on the observation that consumers and businesses alike in this country were focusing more on the environment, NASCAR Green was founded in the fall of 2008. NASCAR was uniquely positioned to serve as a proving ground and demonstration platform for green technologies and solutions. NASCAR Green was launched to show that green technologies work and have real and measurable effect on reducing our collective environmental impact on our planet. It has been a success.

A key initiative for NASCAR Green is executed on track, each week with the use of Sunoco Green E15 in the NASCAR Camping World Truck Series, NASCAR Nationwide Series and the NASCAR Sprint Cup Series. Sunoco Green E15 is a 15 percent ethanol and 85 percent unleaded gasoline blend with the ethanol component made from American-grown corn. The E15 fuel was adopted at the beginning of the 2011 season.

The final formulation of Sunoco Green E15 was the result of extensive analysis by Sunoco scientists and the support of over 100 members of the technical areas of the NASCAR Research and Development Center, nearly all of the race teams and their engine shops, and the extended NASCAR Green team. After over a year and a half of work on the lab bench, the engine dynamometer and in thousands of miles of live on-track endurance testing of a range of fuel blend levels from substantially below to substantially greater than 15 percent ethanol. Sunoco Green E15 was selected because it provided the optimal synergy of high performance as reflected by about 10 additional horsepower on average over the prior fuel, and 100 percent reliability on the track. It is a great fuel for our sport.

Sunoco Green E15 has proven to be a reliable fuel for Richard Childress Racing and for the entire NASCAR community. Now in its fourth season of use, the fuel has been driven more than 5 million miles with no reported engine conditions or increased maintenance issues. The fuel has increased horsepower while decreasing emissions by 20 percent.

The use of ethanol in racing has proven to be a major success for all parties. As a former driver, the team owner of Richard Childress Racing, and lifelong fan of the sport, I am certain that the switch to a higher blend of ethanol has been a great move by NASCAR. The transition has been seamless.