

It's been said the difference between fact and fiction is that fiction has to make sense. Nowhere is this more true than in the realm of US EPA regulation.

This article by Deroy Murdock discusses EPA's truly bizarre policy of fining the oil companies for not using a biofuel that does not exist. You cannot possibly invent this stuff.

Thank you for posting it, quoting from it, and forwarding it to your friends and colleagues.

Paul

Please note: The second attachment is a screen shot from an EPA report, summarizing actual (as opposed to bogus or fraudulent) "renewable identification numbers" or RINs of cellulosic fuels and gallons of cellulosic ethanol during the first four months of 2012. The zero's do not refer to EPA brain cells – but to the fact that this fuel DOES NOT EXIST.

Please feel free to use this very graphic in conjunction with Deroy's article.

Team Obama fines oil companies for not using fantasy fuel

There is no such thing as "cellulosic" ethanol, but EPA fines companies for not using it

Deroy Murdock – 31 July 2012

Why does America's economy feel like an SUV that is running on fumes? The Obama Administration's laughably rigid enforcement of a Baby Bush-era ethanol mandate typifies today's regulatory climate. When Uncle Sam governs with a tire iron in his hand, U.S. companies wisely pull off the road and pray for new management.

The Environmental Protection Agency has slapped a \$6.8 million penalty on oil refiners for not blending cellulosic ethanol into gasoline, jet fuel and other products. These dastardly petroleum mongers are being so intransigent because cellulosic ethanol *does not exist*. It remains a fantasy fuel. The EPA might as well mandate that Exxon hire Leprechauns.

As a [screen shot](#) of EPA's renewable fuels website confirms, so far this year – just as in 2011 – the supply of cellulosic biofuel in gallons totals *zero*.

"EPA's decision is arbitrary and capricious. We fail to understand how EPA can maintain a requirement to purchase a type of fuel that simply doesn't exist," [stated Charles Drevna](#), president of American Fuel & Petrochemical Manufacturers (AFPM), the Washington-based trade association that represents the oil refining and petrochemicals industries.

"We'll fund additional research in cutting-edge methods of producing ethanol, not just from corn but from wood chips and stalks or switch grass," President G.W. Bush said in his 2006 State of the Union address. "Our goal is to make this new kind of ethanol practical and competitive within six years."

So, in 2007, Bush idiotically signed the Energy Independence and Security Act. Beyond prohibiting Thomas Edison's ground-breaking [incandescent light bulb](#) by 2014, EISA's Renewable Fuel Standard mandated cellulosic ethanol.

Under the RFS, refiners had to blend 6.6 million gallons of cellulosic ethanol in 2011. Although this substance is not extant, EPA then demanded to see 31 percent more of it. This year's quota is 8.65 million gallons.

EPA still expects cellulosic ethanol to leap magically from test tubes into storage tanks. While EPA has lowered its original targets as each year rolls around (for example, 2012’s “volumetric requirements” were originally set at 500 million gallons), its [compulsory quantities](#) remain enormous for the next 10 years, as the following table shows.

<u>Year</u>	<u>Billions of gallons</u>	<u>Annual % Growth in Mandated Volume</u>
2013	1.00	--
2014	1.75	75.0
2015	3.00	71.4
2016	4.25	41.7
2017	5.50	29.4
2018	7.00	27.3
2019	8.50	21.4
2020	10.50	23.5
2021	13.50	28.6
2022	16.00	18.5

Presidents Bush and Obama have pumped some \$1.5 billion in grants and guarantees into converting cellulosic ethanol from dream into reality. As [Thomas Pyle](#) of the [Institute for Energy Research](#) reports, Team Obama handed a \$105 million loan guarantee to POET, “the world’s largest ethanol producer,” to create cellulosic fuel. Last September, Abengoa Energy scored a \$134 million loan to build a Kansas cellulosic factory. Last August, Obama gave the Navy \$510 million to develop biofuels for the U.S. armed forces.

Way back in 2010, some 70 percent of fantasy fuel was supposed to spring from [Cello Energy](#) in Alabama. Unfortunately, in 2009, a jury determined that Cello falsified its production capacity. Cello went silent in October 2010 when it filed for bankruptcy.

The National Academy of Sciences [announced last year](#) that “currently, no commercially viable bio-refineries exist for converting cellulosic biomass to fuel.” NAS further predicted that in 2022, EPA’s mandated cellulosic supplies will not materialize “unless innovative technologies are developed that unexpectedly improve the cellulosic biofuels production process.” In other words, if you don’t build it, they will not come.

A *Wall Street Journal* editorial perfectly [encapsulated this fine mess](#).

“Congress subsidized a product that didn’t exist, mandated its purchase though it still didn’t exist, is punishing oil companies for not buying the product that doesn’t exist, and is now doubling down on the subsidies in the hope that someday it might exist.”

The oil refiners absorbed all of this and chose, at first, to play nice. AFPM and the American Petroleum Institute petitioned EPA in February 2011 and again on January 20, 2012 – the second time joined by the Western States Petroleum Association. As the administration gave labor unions and entire states waivers from ObamaCare, the refiners asked for waivers from the RFS mandate.

Fully 15 months after the first petition and four months beyond the second, EPA administrator Lisa Jackson finally rejected the refiners’ appeals, reaffirming that they must obey this regulation – never mind that they more easily could defy gravity. “We thank you for your interest in these issues,” Jackson’s May 22 letter cheerily added.

Thus, on June 11, AFPM and WSPA sued EPA in DC Circuit Court. The plaintiffs hope a federal judge will blend some sanity into a scenario that resembles the work of Salvador Dali.

Rather than focus on expanding operations and creating jobs, lawful American companies now must spend money to sue the federal government for relief from unobservable rules. This fact demonstrates how bone-headed and bull-headed Washington has become. Even worse, business people beyond the oil industry watch this charade and wonder when the regulatory tumbrels will roll by for them.

“This doesn’t help. On the margin, this spooks business people,” says economist Tom Landstreet, founder and CEO of [Standard Research Corporation](#), a Nashville-based investment analysis firm. The former colleague of supply-side legend Arthur Laffer adds: “This is part of a pervasive cluelessness about the economy and markets. It’s just one of a thousand cuts.”

Company owners these days ask themselves “How does one become a favored industry or business under this administration, versus being one that is vilified and demonized,” says AFPM’s Drevna. If a particular enterprise is “not part of that inner circle,” he continues, “they might go to Singapore or somewhere with a more business-friendly atmosphere.”

Drevna applauds recent comments by [Governor Bobby Jindal](#) (R-Louisiana). “I suspect that many in the Obama Administration don’t really believe in private enterprise. At best, they see business as something to be endured so that it can provide tax money for government programs,” Jindal wrote in a June 14 RedState.com op-ed. “The problem is that the private sector is so foreign to our President that he would need a passport to go there and a translator to understand what is happening.”

Washington’s unyielding, heavy-handed, and nonsensical behavior nonetheless may obscure a sliver of silver lining. The Bush-Obama Administration indeed has invented a hybrid fuel: cellulosic ethanol is one half industrial policy and one half comedy routine.

New York commentator Deroy Murdock is a nationally syndicated columnist with the Scripps Howard News Service and a media fellow with the Hoover Institution on War, Revolution and Peace at Stanford University. This article originally appeared on National Review Online, in July 2012.

Screen shot of EPA summary of RINs and volume of a fuel that exists only in its wildest dreams:

2012 RIN Generation and Renewable Fuel Volume Production					
This table displays the total production of renewable fuels (in gallons) and quantity of RINs generated under the RFS2 program in each month by fuel category, or D-code. Values listed in this table are not cumulative and this table only displays 2012 data.					
<i>Fuel Category</i>		January	February	March	April
Cellulosic Biofuel (D3)	RINs	0	0	0	0
	Volume	0	0	0	0