

ABENGOA BIOENERGY



September 9, 2014

The Honorable Barack Obama
President
United States of America
The White House
Washington, DC 20500

Dear Mr. President,

When Congress passed a strengthened Renewable Fuel Standard (RFS) in 2007, Iowa responded. The country's leading biofuel producing state has doubled production in the last six years and the industry now employs more than 70,000 Iowans. Iowa delivered almost as much fuel to Americans in 2013 as we imported from Iraq. Nationally, our industry displaced the need for the U.S. oil import equivalent of Saudi Arabia.

What often goes unnoticed is the fact that Iowa is also leading the charge when it comes to the commercial deployment of the lowest carbon fuel in the world: cellulosic ethanol. Iowa is home to the first wave of commercial scale cellulosic ethanol refineries in the country, with another project being commercialized simultaneously in nearby Kansas. Each of them will convert agricultural residue or municipal solid waste into clean burning fuel to power America's engines and reduce our dependence on foreign oil.

In essence, the RFS gives the advanced biofuel industry an opportunity to break into a motor fuel supply chain dominated by oil interests. The long range policy certainty created by the RFS – together with your Administration's commitment to the industry – made it possible for our companies to invest billions of dollars to commercialize our technologies and build the most innovative refineries in the world.

But late last year, your Administration reversed course. In a rule not yet finalized, EPA is proposing to not only cut the amount of renewable fuel in America's gasoline supply but also fundamentally change how the RFS is administered and how annual targets are calculated for 2014, 2015 and beyond. Instead of basing the targets on our industry's ability to produce and deliver fuel, the proposal would allow the targets to be reduced if the oil industry refuses to make renewable fuels available to the consumer. The RFS attracted billions of dollars in private sector investment into cellulosic ethanol production because it changes this dynamic, by overrunning the restrictive contracts oil companies impose on distributors and retailers to discourage or block the use of renewable fuels. If the program moving forward reflects rather than mitigates the oil industry's unwillingness to market renewable fuel, the policy will cease to be effective and the cellulosic ethanol industry will develop overseas in Asia and South America.

While we are hearing that your Administration will increase the proposed renewable fuel targets in the final rule, your decision about how EPA derives these targets every year is far more important to investors. The current EPA proposal froze investment in cellulosic ethanol not because of the 2014 targets; but rather, because it is not clear whether oil companies will be obligated to hit any annual RFS targets going forward. If the proposed methodology is not fixed in the final rule, the United States will no longer be the global leader for advanced biofuel investment and the 2014 rule will have inadvertently done more than your worst critics have to harm a low carbon industry you have always championed.

While the current proposal has already curtailed investment and delayed projects, there is still time to get the RFS back on track. Investments that you made during your first term are ready for deployment. The question at hand is whether the return on investment will flow predominantly to the United States, or whether countries like China and Brazil will reap the economic and environmental rewards of technologies pioneered in America. Again, the key to success is preserving the original intent of the program that flexibly but resolutely forces oil companies to introduce low carbon, renewable fuels into the U.S. motor fuel pool.

Back in 2007, you said “the road to change begins in Iowa.” We still believe that the Midwest holds the key to our energy future. You have the opportunity, with this rule, to shape our national energy and climate future for decades to come. And we are here to help you achieve your goals.

Sincerely,



Javier Garoz Neira
Chief Executive Officer
Abengoa Bioenergy



Jan Koninckx
Global Business Director for Biorefineries
DuPont Industrial Biosciences



Craig Stuart-Paul
Chief Executive Officer
Fiberight



Bill Brady
Chief Executive Officer
Mascoma Corporation



Adam Monroe
President the Americas
Novozymes



Steve Hartig
General Manager, Licensing
POET-DSM Advanced Biofuels

A handwritten signature in black ink, appearing to read "Delayne Johnson". The signature is written in a cursive style with a large, stylized initial 'D'.

Delayne Johnson
Chief Executive Officer
Quad Country Corn Processors