

# FUEL CHOICE FACTS



## Iowa's Biofuel Leadership Position Must Focus on Demand

- Oil companies are obligated to use biodiesel to comply with federal fuel mandates. Renewable fuel groups say biodiesel outperforms petroleum diesel. So, why do we need a mandate that eliminates consumer choice and forces Iowans to use this product? If Iowa wants to re-establish a biofuels leadership position, stop trying to force consumers to buy this product and focus on developing a product that consumers want.
- The biodiesel industry says 66% of Iowans want biodiesel. Yet, only 16% of those surveyed have ever owned a diesel-powered vehicle. You know who does drive diesel-powered vehicles? Truckers ... 98% of the Iowa Motor Truck Association members are opposed to this legislation. In fact, more than 75 motor carriers have said they will bypass Iowa retailers if a mandate is passed. If retailers are not selling fuel to truckers, they will have to eliminate jobs. Keep in mind, according to Department of Revenue figures, last year, truck stops operating along Iowa's interstate highways accounted for more than one-third of the state's total diesel sales.
- Price is a critical part of the demand equation. According to data published by DTN and OPIS, the Minnesota wholesale cost for B5 (not B100) on average was nearly 7.5 cents per gallon more than petroleum diesel in Minnesota during the period from Jan. 1, 2008 to Feb. 25, 2010. Note that these figures do not take into consideration the loss of the \$1.00 Federal blender's credit, which would increase the premium paid for B5 to nearly 12.5 cents on average.
- It is difficult to pin down the exact price impact a mandate would have here in Iowa. However, there is absolutely no validity in the argument that a mandate would lower prices at the pump. If farmers were forced to buy and plant seed corn grown only in Iowa, how much would seed corn cost? Retailers will sell any fuel that consumers want. We are confident they want the least expensive and most reliable fuel available.
- Biodiesel is a commodity subject to the effects of supply and demand in the marketplace. Consumers should not be the victim of a "Field of Dreams" marketing plan that touts an "if we build it, they will come" slogan. Consumers should not bear the tax of a fuels mandate. Let consumers decide what fuel they want.

**Iowans for Consumer Fuel Choice** serves as the voice of reason for responsible renewable fuel development in Iowa. Our perspective is clear ... biofuels are good for Iowa; mandates are bad for Iowans!

