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FOR IMMEDIATE RELEASE

August 7, 2008

EPA Rules Against RFS Waiver

Environmental Protection Agency (EPA) Administrator Stephen L. Johnson announced today that the EPA has ruled against an April 25th request by Texas Governor Rick Perry to reduce the Renewable Fuels Standard on the grounds that it negatively impacts the economy of the state of Texas. Today's ruling comes after several delays by the Agency.

Toby Bostwick, Chairman of the National Sorghum Producers said that EPA made the right decision. "This ruling proves that the truth about ethanol prevails when scrutinized against hard numbers and economics. Ethanol is a benefit, not impairment, to the nation's economy. Fuel prices are lower because ethanol is included in the U.S. fuel supply."

EPA released a fact sheet explaining their motives for denying the waiver. It states that: "EPA also determined that the evidence also indicates that even if the RFS mandate were to have an impact on the economy during the 2008/2009 corn marketing year, it would not be of a nature or magnitude that could be characterized as severe. Even in the modeled scenarios where a waiver of the RFS mandate might reduce the production of ethanol, the resulting decrease in corn prices is anticipated to be small (on average \$0.30 per bushel of corn), and there would be an accompanying small increase in the price of fuel (on average \$0.01 per gallon in fuel costs). The average increase in corn prices in all modeled scenarios, including scenarios where the RFS mandate would and would not have an impact, was \$0.07 per bushel of corn. Such levels of potential impacts from the RFS program do not satisfy the high threshold of harm to the economy to be considered severe."

In a statement, Perry said he was "greatly disappointed with the EPA's inability to look past the good intentions of this policy to see the significant harm it is doing to farmers, ranchers and American households."

Significant doubt has been cast on Perry's real motives for requesting the RFS waiver after an open records request on some of Perry's associations returned evidence of several meetings with poultry-producing giant Bo Pilgrim. Shortly after those meetings early in the year, Pilgrim donated hundreds of thousands of dollars to Perry and the Republican Governors Association which Perry chairs. Perry cited harm to Texas's large livestock industry when he originally made the request, but Texas also boasts a burgeoning ethanol industry.

"This is an important victory for all Americans," said RFA President Bob Dinneen. "If EPA had agreed to the waiver request, our oil import dependence would have increased. Moreover, such a decision would have sabotaged the development and growth of new technologies and a cellulosic biofuels industry. Thankfully, the EPA recognized this grave risk and rejected the waiver request."

The ruling is a victory for the grain industry which has recently found itself in a crossfire of negative media attention aimed at ethanol. Little ink has been given to the fact that ethanol has kept U.S. fuel prices at least 20 to 40 cents lower than it would have been without blending in of ethanol.

NSP represents U.S. sorghum producers. The organization works to ensure the profitability of sorghum production coast to coast through legislative representation, regulatory representation, and education. To learn more about NSP, visit www.sorghumgrowers.com.