

FACTSHEET

OPEN FUEL STANDARD ACT: CHOICE AT THE PUMP FOR EVERY AMERICAN

The Open Fuel Standard Act (In the 110th Congress introduced as Senate bill S.3303 and House bill H.R. 6559) will be reintroduced in the 111th Congress by bipartisan teams of members in the House and Senate.

- The economic and security vulnerabilities associated with petroleum dependence stem from oil's status as a strategic commodity. This strategic status derives from oil's virtual monopoly over transportation fuel, much as in a different era the strategic status of salt was derived from its monopoly over food preservation.
- Oil's domination over transportation fuel provides OPEC unacceptable leverage over the global economy. OPEC holds 78% of world oil reserves and yet, due to a policy of constraining supply, produces less oil today than it did 35 years ago even as global oil consumption and non-OPEC production have doubled over the same period.
- Competition and consumer choice in the transportation fuel market would serve to end oil's monopoly in the transportation sector, strip oil of its strategic status, and insulate the global economy from OPEC supply manipulations.
- Existing technology, in the form of flexible fuel vehicles, allows internal combustion engine vehicles to be produced at little or no additional cost which are capable of operating on gasoline, alcohol fuels such as ethanol and methanol, or any combination of such fuels, as availability or cost advantage dictates, providing a platform for fuel competition and consumer choice.
- Fuel flexibility is complementary to other vehicle technologies such as plug in hybrids. It is a simple and inexpensive feature that should be standard in cars, like seatbelts or airbags. The ratio of flex fuel vehicles in Brazil increased from zero to 70% of new cars within three years, and thus as oil prices fluctuate consumers in Brazil can protect themselves by putting alternative fuel in their fuel tank.
- Alcohol fuels such as ethanol and methanol can be made from a wide variety of domestic energy resources including agricultural waste, energy crops, natural gas, coal, and trash.

Bill Summary

- The CEOs of the Big Three auto companies have repeatedly stated their willingness to commit to making 50% of new cars flex fuel vehicles or warranted to operate on biodiesel by 2012.
- The Open Fuel Standard Act (OFS) would buttress this commitment with law, thus providing certainty for investors in a variety of alternative fuels to ramp up production and fuel station owners to install pumps.
- Specifically, OFS requires that starting in 2012, 50% of new automobiles powered by an internal combustion engine, and starting in 2015, 80% of such new automobiles, be flex fuel vehicles warranted to operate on gasoline, ethanol, and methanol, or be warranted to operate on biodiesel.

By enacting the Open Fuel Standard Congress **can break OPEC's hold over the international fuel market**, and insulate the global economy from the threat of future OPEC price manipulation.