

For Immediate Release
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REPORT: COMMAND-AND-CONTROL REGULATION FOR FUEL RUNNING ON FUMES
EPA should replace biofuels mandate with cap-and-trade program

New York—The effort to reduce greenhouse gas pollution through the use of low-carbon biofuels is stuck in neutral. In a [report](#) released this morning, the Institute for Policy Integrity examines problems with EPA’s biofuels mandate and recommends using a cap-and-trade policy to drive future cuts in emissions.

In 2007, Congress passed the Energy Independence and Security Act, which requires a certain percentage of biofuels like ethanol to be blended with the regular gasoline supply each year. A central goal of the Act was to take a bite out of the climate-changing pollution emitted from the tailpipes of motor vehicles. The transportation sector is second only to the electricity sector in its volume of carbon pollution, making it ripe for reductions.

Congress intended for biofuel quotas to increase each year as production techniques improved and the industry matured. As the use of lower-carbon fuels grew, harmful greenhouse gas emissions would slowly be reduced.

But seven years later, the program has run into trouble: EPA has proposed significantly scaling back quotas in 2014, arguing that consumers are unable to use the volume of biofuel anticipated by Congress for various technical reasons. To achieve further cuts in transportation-related greenhouse gas pollution, EPA must look to other, more efficient regulatory tools.

“The biofuels mandate does not transmit proper incentives to fuel companies and car companies,” said Richard Revesz, Policy Integrity’s director. “This traditional style of regulation sends only a weak economic signal to automobile makers, fuel providers, and refiners, when what is needed is a powerful message.”

Today’s report recommends that EPA move away from “command-and-control” regulations like the biofuels mandate and towards a flexible, market-based emissions trading system for the transportation sector. A cap-and-trade program for vehicle fuels would ensure continued reductions in greenhouse gas pollution while allowing the market to achieve those cuts by the cheapest means possible.

“A cap-and-trade program offers an ‘all-of-the-above’ approach to cutting greenhouse gas pollution,” said Jack Lienke, an author of the report. “Rather than picking a particular technological winner, like biofuel, a trading program simply specifies an appropriate level of emissions reduction and allows industry the flexibility to achieve that goal at the lowest possible cost.”

[The Institute for Policy Integrity](#) at New York University School of Law is a non-partisan think-tank using economics and law to protect the environment and public health.

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