

What is a Low-Carbon Fuel Standard?

Policymakers in a number of regions around the country are promoting low-carbon fuel standards (LCFS) to the public as a way to reduce the "carbon intensity" of transportation fuels and reduce greenhouse gas (GHG) emissions. What they aren't saying is that affordable and reliable lower carbon fuel options will not be available for many years and may never be practical. Moreover, an LCFS will threaten supply, affect jobs, and will make the fuels we rely on every day much more expensive for American consumers.

Unavailable Technologies and High Costs: At its core, an LCFS program will require fuel providers to ration traditional fuels such as gasoline and diesel and replace them with "low-carbon" fuels like ethanol from switchgrass (a type of cellulosic biofuel) to meet increasingly stricter low-carbon mandates. The problem is that such fuels are not commercially available today, and there is already a federal renewable fuel standard program in the United States to encourage their development. Technical and economic challenges must be overcome before these fuels can be produced at a significant scale. A duplicative program will not accelerate development; it will threaten fuel supply and increase costs instead.

American Jobs at Risk: Since low-carbon fuel alternatives are not currently available at the quantities needed to support our economy, consumers will have to pay substantially higher fuel costs as the supply of traditional fuels will become rationed.

American Energy Security at Risk: A key feature of an LCFS is its penalty on heavy crudes. This effectively limits secure energy resources from reliable neighboring countries like Canada, the top crude oil supplier to the United States.

Blocking supplies selectively will cause market distortions. Restricting use of traditional fuels to meet the carbon-intensity mandates in an LCFS on a regional basis will create regional "fuel islands" and will force gasoline, diesel, and home heating oil prices to skyrocket.

Increase in Global Greenhouse Gases: An irony of the LCFS program is an unintended consequence often referred to as "crude shuffling." The policy leads to higher global GHG emissions due to increased transportation of crudes to and from far away markets. For example, Canadian crudes would be transported to Asia in exchange for higher volumes of Middle Eastern crudes shipped to the United States.

Consumer Energy Alliance (CEA) is a nonprofit, nonpartisan organization that supports the thoughtful utilization of energy resources to help ensure improved domestic and global energy security and stable prices for consumers.