



Midwestern Governors Association

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Highway Trust Fund Shortfall Corrected

Congress and the Bush administration have heeded the calls from the Midwestern Governors Association to pass legislation transferring federal dollars to the Highway Trust Fund (HTF). The more than \$8 billion reimburses the fund from money transferred in the 1990s from the HTF to the general fund. During Senate debate, Senator Barbara Boxer of California, who chairs the committee with jurisdiction over the transportation bill, mentioned the MGA as one of the organizations that came out in support of the HTF fund transfer.



As the first component of South Dakota Gov. Mike Rounds' chair agenda, the MGA sent a [letter](#) in June to members of Congress, calling on them to fix the projected shortfall of the HTF. Rounds' agenda, Transportation for Energy, People and Products, is playing a large role in MGA's activities surrounding the upcoming reauthorization of the transportation bill, which is currently set to expire next year.

EPA Agrees With MGA on RFS Waivers

The Environmental Protection Agency announced last month that it would uphold the current levels of the renewable fuels standard (RFS) and deny requests it had received to grant waivers. This decision was a major victory for Midwestern governors, as they have been strong proponents of the denying of any waivers to the RFS.

The MGA sent a [letter](#) to EPA Administrator Stephen Johnson that outlined the reasons it was crucial to uphold the newer and tougher RFS standard as set forth by the Energy Independence and Security Act of 2007. MGA leadership continued to apply pressure on the agency and industry through submitted testimony to Congress and media outreach.

The region's governors believe the RFS will help lead to the development of advanced biofuels. The continual assault on corn-based ethanol jeopardizes the future confidence and support government and industry will have of cellulosic ethanol.

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Ethanol production has been a boon to rural communities in the Midwest, and throughout the nation. It has provided an economic stimulus to parts of the country, helping them address critical issues such as job and population growth. Through the further enhancement and increased use of ethanol and other second- and third- generation biofuels, rural America will continue to prosper throughout the country, not just in the Midwestern states.

In addition to their work through the MGA, individual Midwestern states had voiced support for the RFS during the EPA's decision-making process. Govs. John Hoeven of North Dakota and Chet Culver of Iowa both sent letters to the EPA urging the denial of an RFS waiver. Missouri Gov. Matt Blunt has enforced the state's E-10 (gasoline containing 10 percent ethanol) standard by denying the request of a Missouri city for a waiver of that standard.

Midwestern Schools Lead Nation as New School Year Begins

September signals the start of a new school year across the country. Across the Midwest, students are returning to some of the best schools in the country. In its "2007 Report Card on American Education", the American Legislative Exchange Council provides state-by-state analysis on the condition of education in America. Five of the top-10 achieving states are in the Midwest. Those five states are Minnesota (1), South Dakota (5), Kansas (6), North Dakota (7), and Iowa (10).



Additionally, seven of the top-14 states are in the Midwest, and all Midwestern states rank in the top 35. These rankings were based off of the average results of the three major standardized tests, ACT, SAT and the National Assessment of Educational Progress (NAEP) tests to fourth-and-eighth graders. The study also provides separate state rankings and comparisons based on additional inputs and outputs - such as amount and sources of funding per pupil, teacher salaries, and scores for specific standardized tests.

As the Midwest tries to position itself as a national and global leader in today's economy, education is a critical part of efforts to grow the region's economy and improve the quality of life of its residents.

Indiana Hosts Summit on Carbon Capture and Sequestration

During a two-day summit on the campus of Indiana University-Purdue University Indianapolis, 150 business, academic and environmental leaders listened to Indiana Gov. Mitch Daniels call upon them to assist in the creation of a legal and associated regulatory framework that will allow the state to become a leader in the use of carbon capture and sequestration technology.

As the likelihood increases that the federal government will create a cap on levels of carbon dioxide emissions that can be released into the atmosphere, Daniels sees his state poised to become a global leader in advanced coal-powered generation. The governor said that Indiana is enthusiastic about moving ahead in the fields of wind and biofuels; however, Indiana currently generates 95 percent of its electricity from coal-fired power plants that emit about 130 million tons of carbon dioxide each year. He noted that since coal is such an abundant natural resource in Indiana, the state must become a leader in clean coal technology and carbon sequestration.

"Carbon capture and sequestration is a very strong possibility in our energy future. If we move into a clean coal era, we must be ready to know how," Daniels said in his weekly update following the event.

Duke Energy, a North Carolina-based utility, is in the process of building a \$2.35 billion integrated gasification combined cycle (IGCC) plant in southwest Indiana, where vast underground geologic formations are being proposed as the future storage sites for liquefied carbon dioxide. The U.S. Department of Energy estimates there is enough space underground in North America to store more than 3 trillion tons of carbon dioxide. Daniels hopes to increase Indiana jobs and incomes by utilizing domestic natural resources, while encouraging energy conservation and efficiency.

The goals of the summit and development of the IGCC plant complement the goals of the MGA's [*Energy Security and Climate Stewardship Platform for the Midwest*](#). It calls for a regulatory framework on carbon capture and sequestration (CCS) to be implemented by 2010 and for the region to have at least one commercial-scale IGCC power plant with CCS by 2012.

MGA Sets Guidelines for New Regional System for Bioproduct Procurement

Soaring oil prices don't just affect Midwestern consumers when they fill up a tank of gas in their car. High crude-oil prices roll over

to increased costs in the production of goods and products that require oil for their manufacturing - such as plastics.

At the MGA Energy Summit last November, governors set forth various regional initiatives and goals in their [Energy Security and Climate Stewardship Platform for the Midwest](#) (Platform), including a resolution calling for the creation of a regional bioproduct procurement system.

The system's guidelines for defining biobased products and methods for procuring these products have become the Platform's first workable results. Work on implementing the system is now under way and is being led by a task force of state procurement officials.

Bioproducts have long been available to consumers and government procurement officials. History shows that government contracts and preferences can lead to an industry's growth. With a federal system in place for federal agencies to use bioproducts, some of that growth has been realized. States' involvement in the bioproducts industry will bolster the industry even further, ultimately resulting in a better market for consumers.

In addition to providing an economic benefit to agriculture producers, expanding the development of bioproducts will decrease the region's dependence on fossil fuels in the manufacturing of various goods.

MGA Releases Fact Sheet on Biofuels

In response to the debate over biofuels, the MGA has published a [fact sheet](#) with information on the benefits of these alternative sources of energy.



In addition to increasing our domestic sources of energy, biofuels bring economic benefits to local communities, lower energy prices, improve engine performance in vehicles, burn more cleanly and provide support for next-generation biofuels.

Biofuels continue to play a large role in the economy and energy portfolio of the Midwest and the entire nation.

Emily Marthaler
Midwestern Governors Association
444 N. Capitol Street, NW
Suite 401
Washington, DC 20001
emarthaler@csq.org