



***"The Voice of the Ethanol Industry
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Ethanol *FYI*: Ethanol Helps Keep Pump Prices Down

Growing production and declining prices for ethanol are offsetting higher crude oil prices and helping consumers when they buy gasoline

Two recent news articles in *The Wall Street Journal* and the *Dallas Morning News* cited petroleum industry analysts who pointed to lower priced ethanol as one major factor in restraining gasoline prices nationwide.

While tight refining capacity and higher world crude prices are helping to push the price of gasoline higher, ethanol is working in the other direction. As a September 21, 2007 story in *The Wall Street Journal* put it,

Another reason for steady gasoline prices: the use of ethanol as an additive to gasoline is on the rise. While crude prices have soared, ethanol prices have dropped as much as 30% in recent months and are likely to drop more, Eitan Bernstein, an analyst with Friedman, Billings, Ramsey & Co., said in a report yesterday. **Ethanol costs more than 60 cents a gallon less than gasoline, and gasoline suppliers can offset some of the rise in crude-oil prices by blending their gasoline with small amounts of the cheaper fuel.** (emphasis added)

<http://online.wsj.com/article/SB119033156150234564.html>

Similarly, a story in the September 24, 2007 edition of *The Dallas Morning News* reported,

Peyton Feltus, president of Randolph Risk Management, thinks gasoline prices might even increase this year.

He said ethanol and bio diesel helped keep fuel prices stable since the summer. Blending ethanol into the fuel supply may have boosted pump prices in the past, **but now, ethanol is cheaper than gasoline, and it's keeping overall prices down.** (emphasis added)

"You can thank renewables for doing that," Mr. Feltus said.

http://www.dallasnews.com/sharedcontent/dws/bus/industries/energy/stories/DN-gasoline_24bus.ART.State.Edition2.4213d4e.html#

Clearly, the rapid growth in the construction of domestic biorefineries have expanded the supply of renewable ethanol and have made a difference in offsetting higher prices due to the oil industry's failure to expand refinery capacity and the ability of OPEC to keep crude oil at \$80 per barrel.

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