



### OIL HITS \$100

That headline alone is enough to send shivers down your spine. But the reality of \$100 oil arrived 36 hours into 2008 and the impacts could already be felt as 2007 ended.

A story from the *Associated Press* on December 28, 2007 noted that “Indeed, prices of consumer goods such as meat and milk are also higher these days, in part due to skyrocketing energy costs that are taxing American farmers.”

Additionally, the same story reported that “Transportation costs are rising, as is the cost of plastic bottles and rubber tires, which are made from crude.”

But it’s not just food prices. An analyst at the **NPD Group** says that oil prices pushed up the price of almost all consumer products. Makeup prices, for example, were up seven percent in 2007.

### The News Isn’t All Bad

While oil prices remain near or above \$100 a barrel, domestic ethanol production has soared to more than 400,000 barrels of production daily.

**Nicole Decker**, an analyst at **Bears Stearns**, told the *Associated Press* that 400,000 barrels of ethanol “could displace gasoline produced at two or three refineries.”

The response of American ethanol producers to the growing demand for fuel in this country is paying off. The **American Petroleum Institute** has released its year-end estimates for 2007 and they show that oil imports declined in 2007 while demand for gasoline remained flat.

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### TEXAS OPENS FIRST ETHANOL PLANT

Dallas-based **White Energy** has begun production at its 100 million gallon per year ethanol biorefinery in Hereford, Texas. On January 15, White began the ethanol production process that will utilize some 35 million bushels of corn and milo.



"This plant is a win-win in so many ways. Not only is it the first plant in Texas, it will provide significant economic benefits to the panhandle economy," said White Energy's president and **CEO Kevin Kuykendall**.

This is White’s second ethanol facility in operation. It also operates a 50 million gallon per year facility in Russell, Kansas.

### OHIO JOINS MODERN U.S. ETHANOL INDUSTRY

On January 10, Ohio opened its only operating ethanol biorefinery in Leipsic. The facility, **POET Biorefining-Leipsic**, is the first modern ethanol biorefinery operating in the state.

**POET**™ The facility, built and operated by Sioux Falls, South Dakota-based **POET**, will produce 65 million gallons of ethanol a year from 22 million bushels of local corn.

"The State of Ohio is excited to partner with **POET** to bring about a transformation in how we as Americans produce and consume energy," **Governor Ted Strickland** said.

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## Oil, cont'd.

Part of the reason for the reduction in imports and the flat demand for finished gasoline is the increasing availability of fuel ethanol. API reports that its members – the nation's oil refiners – used approximately 6.7 billion gallons of ethanol, or nearly five percent of total gasoline demand.

### Ethanol Production Continues to Grow

The **Renewable Fuels Association** is estimating that the industry produced 6.5 billion gallons of ethanol in 2007. The RFA is also projecting ethanol production in 2008 to exceed nine billion gallons. At that level, extrapolated from Bear Stearns estimates, ethanol production would displace the gasoline output from up to five oil refineries.

The following are October 2007 monthly production and demand numbers for the U.S. ethanol industry as reported by the **Energy Information Administration** and calculated by the RFA.

### October 2007 Statistics

(mg = million gallons; b/d = barrels per day)

Fuel Ethanol Production	588.8 mg	452,000 b/d
Fuel Ethanol Use	629.7 mg	484,000 b/d
Fuel Ethanol Stocks	479.8 mg	23.6 days of reserve
Fuel Ethanol Exports	0.0mg <sup>^</sup>	n/a
Fuel Ethanol Imports	37.3 mg <sup>*</sup>	n/a

\*Source: U.S. International Trade Commission

<sup>^</sup> Jim Jordan and Associates

### RFA Calendar of Events

January 22, 2008

**Green Car Summit – Washington DC Auto Show**  
Washington, DC

February 25-28, 2008

**13<sup>th</sup> Annual National Ethanol Conference**  
Orlando, Florida

## POET, cont'd.

"POET has demonstrated its commitment to expanding an important home-grown energy source. This increased production of ethanol in Ohio replaces millions of barrels of imported oil with domestic renewable energy. It is crucial that Ohio foster advanced, reliable, and affordable energy sources - for our economy, our pocketbooks, and our environment."

**Mike Wagner**, a long time ethanol advocate and friend to the U.S. ethanol industry was also on hand, saying, "It's a great day for Ohio to have a company like POET opening the first of their three ethanol plants in the state. Congratulations to the leaders of Leipsic and residents of Putnam County for their diligence and efforts to promote development in their community and county."

This is the 22<sup>nd</sup> ethanol facility POET will operate. Those plants total more than 1.2 billion gallons of production capacity.

### REGISTER NOW FOR THE 13<sup>TH</sup> ANNUAL NATIONAL ETHANOL CONFERENCE



The NEC will be held **February 25-27, 2008**, at the **JW Marriott Orlando, Grande Lakes** resort in sunny **Orlando, Florida**. To register, visit the RFA website at: [www.nationalethanolconference.com](http://www.nationalethanolconference.com).

## FUEL FOR THOUGHT

There is no shortage of misinformation about ethanol and other renewable fuels circulating through mainstream media. Whether it is the price of food or the energy balance of a gallon of ethanol, misleading “facts” are prevalent in today’s society.



**Fuel for THOUGHT**

In an effort to provide reliable, substantiated

information to reporters and the public alike, the **Renewable Fuels Now** coalition has begun a twice-weekly email feature entitled “**Fuel for Thought.**”

These brief email messages provide relevant and timely information on a variety of topics related to America’s motor fuel market.

To view past editions and to subscribe to receive the emails in the future, visit the coalition’s website at [www.renewablefuelsnow.org](http://www.renewablefuelsnow.org).

### “THE ETHANOL REPORT” GOES iTUNES

Okay, so the RFA isn’t releasing an album. But, a new feature equally exciting is now available to advocates of ethanol. The RFA has started a podcast on issues important to the ethanol industry called “**The Ethanol Report.**”



The report is produced twice monthly and posted on RFA’s “The Ethanol Report” blog

at <http://www.ethanolrfa.org/industry/conference/blog/>

Podcasts already produced include such topics as the Renewable Fuels Now coalition and consumer survey, the Informa study of the relationship between corn prices and the overall Consumer Price Index for food, signing of the Energy Bill, and a look at what 2008 may hold for the ethanol industry.

The report can be accessed from the website and the mp3 audio file is also included in an RSS feed so it can be automatically downloaded for listening on a portable audio player.

“The Ethanol Report” is available by RSS feed subscription through any standard podcast subscription software or service such as iTunes or Yahoo Music Jukebox. Subscription information is available at <http://www.ethanolrfa.org/the-ethanol-report-podcast.xml>.

### WORLD RENEWABLE ENERGY LEADERS TO CONVENE IN WASHINGTON

Developing a robust renewable energy industry across the globe is near the top of the agenda for virtually every nation. Whether electricity generation or biofuels production, governments are seeking the best solutions to address their nation’s growing energy demands as well as mitigate the impacts of global warming.



Beginning on March 4, renewable energy leaders from around the world will convene at the **Washington International Renewable Energy Conference (WIREC)**. The website describes the event as:

Hosted by the United States Government, in cooperation with the American Council On Renewable Energy, WIREC 2008 is the third global ministerial-level conference on renewable energy, following events in Beijing in 2005 and Bonn in 2004.

Renewable Fuels Association President Bob Dinneen will address the attendees on Thursday, March 6.

More information on the event can be found at [www.wirec2008.gov](http://www.wirec2008.gov).

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## ETHANOL HELPING FUEL FARMING FUTURE

Alliterations aside, the growth of the American ethanol industry is having an undeniably positive impact on rural America.



The results of a recent survey conducted by *Reuters* at the

**American Farm Bureau Federation's** annual showed that "71 percent of those surveyed saying the renewable fuel has helped boost their bottom line."



The demand a growing ethanol industry has created for corn has helped strengthen corn prices and increased farm income. As a result, farmers are making their living from the marketplace and not the federal government.

### Keeping Corn Acres

Rising prices for all commodities, including wheat and soybeans, has raised the specter that farmers would shift acres from corn to these crops. The Reuters poll discovered, however, that 90 percent of farmers would not reduce their corn plantings in 2008..."

### Dedicating Acres to Energy Crops

As the U.S. ethanol industry expands the basket of feedstocks from which it produces ethanol, it will require the continued partnership with the American farmer. The Reuters survey found 54 percent of farmers were interested in growing a biomass crop. They were willing to embrace the crop because it required less management than traditional crops while allowing them to diversify their plantings.

A complete write up of the survey can be found at [www.reuters.com](http://www.reuters.com).

## RFA ENGAGES FEDS ON BIOMASS ISSUES

RFA President Bob Dinneen has been reappointed to the Biomass Research and Development Technical Advisory Committee for a term of three years.



Acting Secretary of Agriculture  
Chuck Conner and Energy  
Secretary  
Samuel



Bodman announced the appointment of six new members and the reappointment of seven members to serve on the committee.

Newly appointed members are:

Gil Gutknecht, Co-Chair, Consultant, Rochester, Minn.; Richard Hamilton, CEO, Ceres, Inc.; Jay Levenstein, Deputy Commissioner, Florida Department of Agriculture; Shirley J. Neff, Association of Oil Pipe Lines; Tom Simpson, Railway Supply Institute; Richard Timmons, American Short Line and Regional Railroad Association.

Other reappointed members include:

Douglas Hawkins, Rohm and Haas Company; Charles Kinoshita, University of Hawaii at Manoa; Eric Larson, Princeton University; James Martin, Omni Tech International; Scott Mason, Director, ConocoPhillips Petroleum Company; Edwin White, State University of New York College of Environmental Science and Forestry.