DAILY NEWS SUMMARY

Wednesday, July 2, 2008

RFA Op-Eds

1. Ethanol plays small role in food price hikes

Detroit (MI) News

http://detnews.com/apps/pbcs.dll/article?AID=/20080702/OPINION01/807020315

RFA President Bob Dinneen writes into the Detroit News with a rebuttal of their June 23rd editorial. "Higher oil prices are playing a much greater role in rising food prices by increasing costs throughout the food production chain. Specifically, higher oil prices have increased the costs of farming and transporting food. According to a recent report by the Federal Reserve Bank of Kansas City, "a 10 percent gain in energy prices could contribute 5.2 percent to retail food prices." Decreasing value of the dollar, increasing demand from emerging economies, drought and speculation have also contributed to the increase in food prices." See PDF and Detroit News' website for complete text.

National

2. 'It's Not a Silver Bullet'

Newsweek

http://www.newsweek.com/id/62308

"Much hope for an affordable clean-energy solution has been placed on the potential of biofuels like ethanol. Stanford University's Chris Somerville, director of the Carnegie Institution's Department of Plant Biology, shares that optimism—but also says that technologies are improving the prospects of a whole range of alternative energies. He spoke with NEWSWEEK'S Fareed Zakaria last week in Washington, D.C." This piece goes on to list the Q and A with Somerville.

3. Average Joes Are Now Going Green

Newsweek

http://www.newsweek.com/id/44155/page/1.

"Five years ago Bill Ford said selling a green agenda was an uphill fight. Now, says the Ford Motor chairman, it's catching on inside his company and worldwide. He spoke with NEWSWEEK's Keith Naughton." The article is an excerpt of their conversation.

4. The Ethanol Backlash

Newsweek

http://www.newsweek.com/id/32930/page/1

"A substitute for gasoline, this grain-derived fuel has generated enthusiasm and resistance in equal amounts."

Regional

5. $100,000 gift led the attack on ethanol

The Houston Chronicle (TX)

http://www.chron.com/disp/story.mpl/front/5867104.html

"Gov. Rick Perry's request for a waiver of federal corn-based ethanol production mandates was prompted by a March meeting he had with East Texas poultry producer Lonnie "Bo" Pilgrim, who six days later gave $100,000 to the Republican Governors Association chaired by Perry."

6. Pros and Cons of Ethanol

2 News TV (ID)

http://www.2news.tv/news/local/22793499.html

"Now, more and more pumps across the state are pumping out what's called E-10. The question is: what are ethanol's pros and cons, so consumers know what they are putting in their tanks… According to Baird, Pro number one: it burns cleaner, and it's good for the environment. Baird admits to one con, she says generally ethanol blends get less gas mileage."

7. Ethanol labels blend wording

Tulsa (OK) World

http://www.tulsaworld.com/business/article.aspx?articleID=20080702_49_E1_pncase51469

"Stations are using various wording to notify the public about their E10 blends, while others are posting signs proudly indicating that they won't sell any type of ethanol at all. Either way, state regulators say they will be inspecting pumps to make sure all retailers are following the law. Violators — those stations that use ethanol in their gasoline but don't tell consumers — can be shut down by the Oklahoma Corporation Commission and fined $500 each day of the violation."

8. Study: Ethanol Production Might Soon Stall

Post Chronicle

http://www.postchronicle.com/news/business/article_212155658.shtml

"A Purdue economist says U.S. corn demand is exceeding supply and, combined with Midwestern flood losses, ethanol production might soon stall. Purdue University agricultural economist Chris Hurt says with higher corn prices, fewer ethanol producers can afford the feedstock. In turn, domestic livestock producers and foreign buyers are finding it more difficult to obtain grain."

9. Steelman calls for end to ethanol mandate

News-Leader (MO)

http://www.news-leader.com/apps/pbcs.dll/article?AID=/20080702/NEWS01/807020506

"In April, Republican gubernatorial candidate Sarah Steelman said she supported Missouri's ethanol gasoline mandate "in the short run to help establish a market for renewable fuels." The "short run" is apparently over. On Tuesday, Steelman called for an end to the state's six-month-old mandate, which requires all unleaded gasoline be blended with 10 percent corn-based ethanol when it's not more expensive than regular gas."

Trade Publications

10. WCGA: Corn Ethanol Helps Lower Gas Pump Prices

Wisconsin Ag Connection

http://www.wisconsinagconnection.com/story-state.php?Id=801&yr=2008

"With gasoline prices hovering around $4 per gallon, the Wisconsin Corn Growers Association says ethanol and the country's Renewable Fuels Standard is part of the solution for rising food and energy costs. WCGA President Randy Woodruff says Americans are saving billions of dollars at the pump thanks to biofuels; and several recent studies have disproved big oils contention that corn prices are driving up food prices."

11. Kentucky biomass to biofuels short course offered

Southeast Farm Press

http://southeastfarmpress.com/biofuels/biofuels-reserach-0701/

"A biofuels short course will provide a broad introduction to the area of biomass-derived fuels, emphasizing technological aspects of their production, as well as new feedstock opportunities for farmers. Organized by the University of Kentucky Center for Applied Energy Research, with sessions taught by lecturers from CAER and the UK College of Agriculture, the course will be held Aug. 14-15 at the Hyatt Regency Hotel in Lexington."

Opinions & Editorials

12. Rethinking biofuels

Minnesota Daily

http://www.mndaily.com/articles/2008/06/25/72167433

"Last June saw some of the most intense flooding to hit the Midwest since 1993. Although agriculture stories seldom capture public attention, this one should have gotten the front page. That's because this event ought to be seen as the beginning of the end for corn-based biofuel production. Last year, around 18 percent of our nation's corn was used in the manufacture of ethanol. This sizeable quantity makes a less-than-impressive dent in our foreign fuel dependency problems, replacing about 2 percent of our gasoline intake. Nevertheless, the continuing demand for corn to be redirected into ethanol has driven corn prices up 80 percent over the past year, with consequent rises in other food markets as well," the Daily editorial board writes.

13. Corzine should seek waiver for ethanol fuel

Courier Post (NJ)

http://www.courierpostonline.com/apps/pbcs.dll/article?AID=/20080702/OPINION/807020305/1046

"The corn-based fuel, which has contributed to a spike in food prices, has proved less than ideal as an energy alternative. Corn-based ethanol appeared to be a way to wean

the United States from its "oil addiction," as President Bush once characterized it. Yet, it has failed to live up to expectations. Instead, the diversion of corn for use as fuel has helped drive up food prices nationally and around the world. While it is vital to increase reliance on alternatives to petroleum, clearly corn-based ethanol doesn't make the grade. It is time to adjust the nation's energy mix."

Blogs & Websites

14. Louisiana signs non-corn ethanol law for to procude a better biofuel

Mongabay.com

http://news.mongabay.com/2008/0701-ethanol.html

"Louisiana has signed into law legislation to develop an advanced biofuel industry that excludes corn as a feedstock, reports Biopact. The Advanced Biofuel Industry Development Initiative will promote high yielding non-corn crops that can be grown without excessive irrigation or application of fertilizers. The legislation will provide funding for a network of small advanced biofuel manufacturing facilities that '[do] not burden local water supplies and [provide] for a more broad-based economic development.'"

Detroit (MI) News
July 2, 2008

Rebuttal

Ethanol plays small role in food price hikes

While we agree with the concerns in The Detroit News' June 23 editorial, "Repeal ethanol mandates to ease global food shortage," over the food crisis and flooding in the Midwest, its claims that ethanol mandates are causing food prices to rise and its reference to ethanol policy as "bankrupt" are pointedly misleading.

Higher oil prices are playing a much greater role in rising food prices by increasing costs throughout the food production chain. Specifically, higher oil prices have increased the costs of farming and transporting food. According to a recent report by the Federal Reserve Bank of Kansas City, "a 10 percent gain in energy prices could contribute 5.2 percent to retail food prices." Decreasing value of the dollar, increasing demand from emerging economies, drought and speculation have also contributed to the increase in food prices.

The fact that hundreds of millions of people around the world can't afford to buy food is truly a terrible disaster that is more a function of failed government policies and skyrocketing oil prices than the existence of the biofuel industry. In fact, the chairman of the Council of Economic Advisers, Ed Lazear, in testimony before Congress, said, "ethanol accounts for somewhere between 2 percent and 3 percent of the overall increase in global food prices."

Corn-based ethanol never claimed to be the silver bullet to this country's growing energy crisis. Biofuels have always been, and should continue to be, a part of the solution.

Bob Dinneen
President and CEO
Renewable Fuels Association
Washington, DC

Newsweek
Update: October 27, 2007

‘It’s Not a Silver Bullet’

A prominent plant biologist says that biofuels are only one part of a green energy solution.

By: Fareed Zakaria

Much hope for an affordable clean-energy solution has been placed on the potential of biofuels like ethanol. Stanford University's Chris Somerville, director of the Carnegie Institution's Department of Plant Biology, shares that optimism—but also says that technologies are improving the prospects of a whole range of alternative energies. He spoke with NEWSWEEK'S Fareed Zakaria last week in Washington, D.C. Excerpts:

Zakaria: Are biofuels going to get us out of the energy trap?
Somerville: It's not a silver bullet. We need a broad basket of solutions. But it certainly can be important—if we could obtain 1 percent solar efficiency on 1 percent of the land in the world, that would be enough to provide all transportation fuels, or about 20 percent of our total energy use.

What would that mean exactly?
It turns out that many plants, such as sugar cane, actually capture more than 1 percent of the solar energy that strikes them. In fact, the theoretical efficiency for plants is above 6 percent, and some plants will do around 3 percent. To give you a sense of how much 1 percent of the world is—it's about 13 billion hectares. So 130 million hectares would be enough at 1 percent efficiency. The Brazilians say they can devote 40 million hectares to sugar cane.

One of the big problems with almost every alternative energy source is that to get to a large-enough scale, it will require huge investments to meet our needs.
The secretary of Energy's goal, as I understand it, is to obtain about 30 percent of our transportation fuels from bio by 2030. That's on the order of 60 billion gallons, and would require a very large number of facilities distributed around the U.S. [But] it certainly can be done.

The rap against corn-based ethanol is that it takes more energy to produce than it generates. Is that true?
That's probably not true. The best analyses that I've seen say that it's energy-positive. But there's an upper limit to what it's going to contribute, and probably that's in the 12 to 15 billion-gallon range.

How do you come out on this issue of the subsidies for corn-based ethanol?
[Subsidies are] absolutely unnecessary. It looks to me from the price of ethanol and the cost of production that it's still profitable, even without a subsidy. Four years ago,

ethanol was selling at $1 a gallon. And at that price, it was necessary. Then ethanol hit $3.50 a gallon about two years ago—at which time farmers were paying off their ethanol plants in a single year.

And what about cellulosic fuel, which is drawn from the whole plant, not just the grains?
We can actually make compounds that look a lot more like biodiesel and biopetrol from fermentation of cellulosics, and I think that within 10 years, we'll actually have not only cellulosic fuels but cellulosic fuels that look just like our current diesel and gasoline fuels.

How so?
They'll displace them chemically, with very similar properties. But they will actually be net carbon-neutral—and that's very important because one of the challenges in the current biofuels economy is that we have 240 million vehicles in this country. Only about 5 million of them will burn more than 10 percent ethanol, and we don't have a distribution system for vast amounts of ethanol. So ultimately, the biofuel we want is something that looks a lot more like the fuels we are currently using.

What other alternative energies and solutions do you think are important?
Wind is very underexploited. We could get about a third of our global needs with wind. You just have to put up lots of turbines, and they are big. But they are quite cost-effective. There's quite a bit of capacity in geothermal—extracting heat from deep in the earth to generate electricity. That's rather underdeveloped at present. I also think there's some really important opportunities in geological sequestration—that is, taking fossil fuels and separating the hydrogen from the carbon and then pumping the carbon dioxide back into deep saline aquifers, and then using the hydrogen for various types of fuels.

Do you think you can do that with coal to create clean coal?
Yes. We have to. We have to solve the problem of emissions from coal.

Do you see the hydrogen economy as the future?
I'm not sure. I actually think the future is a basket of technologies. Wind certainly has to be in our future. Geothermal can last indefinitely. Biofuels are certainly a part of it. So there's lots of opportunities.

Where does America stand in this?
The European Union has instituted many more regulations and standards requiring clean energy.

Europe is ahead of us in several technologies. Wind really began in Europe, although since General Electric has gotten into it, it's [been] moving to the United States in a good way. Germany made a large government investment in solar. In biofuels, technically we're the leader, and I think this year we'll pull ahead of Brazil in terms of actual production.

Right now the U.S. looks to me as though there's a very robust sort of groundswell of entrepreneurial and technical activity. Clean tech is sweeping Silicon Valley.

You sound pretty optimistic.
I've been deeply involved in the technical aspects of this for some years, and everywhere I look, I see opportunity. It doesn't require any miracles. There's still time for us to achieve improvements or implementation of alternative energies before the problem becomes really a crisis. [But] there is a crisis coming if we don't do something, and the crisis is not widely understood. It's really a political crisis that will be caused by changes in rainfall patterns around the world that cause people to migrate on a massive scale. It's not the drowning polar bears that are the real problem, it's the people who won't be able to feed themselves because of changing rainfall patterns.

Newsweek
October 15, 2007

Average Joes Are Now Going Green

The chairman of Ford says the future means more fuel-efficient cars. And look out for biofuels.

By: Keith Naughton

Five years ago Bill Ford said selling a green agenda was an uphill fight. Now, says the Ford Motor chairman, it's catching on inside his company and worldwide. He spoke with NEWSWEEK's Keith Naughton. Excerpts:

NAUGHTON: In a $3-gas world, is a product line that's two-thirds trucks and SUVs sustainable?

FORD: Well, it is changing. And not because we're abandoning the truck market. In fact, we're vigorously defending there. But we're also pushing hard into new segments, recognizing a shift in the marketplace. We just didn't anticipate the speed with which it would happen. If you took a snapshot of our product lineup a year ago, it certainly wouldn't look like that two years from now.

What will it look like?

Without tipping our future product plans, it will be more fuel-efficient, and there will be a somewhat smaller shift in our product emphasis.

You've backed off your pledge to build 250,000 hybrids by 2010, and are putting greater emphasis on ethanol-fueled cars. What's your latest view on hybrids?

It's interesting. The one thing I feel about hybrids is that one size doesn't fit all. It's a very good technology, but what we didn't anticipate, frankly, was the emergence of biofuels [like ethanol], which in some applications make more sense. The one frustration I really had on this whole hybrid announcement--the thing that got lost--is that the new plan is actually better for the environment, for fuel economy, for CO2 than our hybrid-only plan.

And why is that?

In the past year there's been tremendous progress made on ethanol, both in terms of infrastructure and also availability. And a commitment to even better infrastructure and better availability both by the government--federal and state--and by the fuel industry. Not always the big players, but they're getting involved, too. You've seen even the Wal-Marts of the world now getting involved. I shouldn't say even the Wal-Marts of the world, because I think it's quite a leadership position they're taking.

Does the hybrid premium that customers currently pay make that a niche market, in your view? It's only 1.5 percent of the market.

You know, it will grow. Clearly it will grow. We are committing to more hybrids, and we are expanding our hybrid lineup. But I think when we looked at the hybrid market 18 months ago, we didn't see anything else out there that was going to be really viable. And I think this whole notion of biofuels has really come on strong. Whether it's biodiesel, which is getting more play in places like Europe, or it's ethanol here. There could be other biofuels, too. Some are better for extended range. Some are better for CO2. I'm not an expert yet in biofuels, in terms of the trade-offs that each one provides. I do know that ethanol is certainly the one getting the most focus. So that focus around biofuels came upon us rather quickly. We were also capable from a hardware standpoint of providing biofuel availability in our vehicles. But the question was also the infrastructure and the availability.

When you became CEO in 2001, you said it was hard to gain traction for your green agenda with so many fires burning. Are you back in that situation?

No. Absolutely not. In fact, this whole Greener Miles [a Ford initiative to produce cleaner cars] thing is something I'm very pleased with and has tremendous traction within the company. Where I felt society was going then, society is now clamoring for this approach.

A green approach?

Yeah. And it's not just a U.S. elite-based kind of thing now. In fact, you can't get less elitist than ethanol, because it gets right to the heart of the American farmer. It's touching the average American now.

Newsweek
August 15, 2007

The Ethanol Backlash

A substitute for gasoline, this grain-derived fuel has generated enthusiasm and resistance in equal amounts.

By: Daniel Gross

Ethanol, the substitute for gasoline that in the United States is largely derived from corn, is hot. Statistics from the Renewable Fuels Association show that production doubled between 2002 and 2006, from 2.1 billion to 4.9 billion gallons, allowing the United States to surpass Brazil as the Saudi Arabia of ethanol. When the 86 plants under construction today are completed, American production capacity will top 13 billion gallons per year. In his most recent State of the Union address, President Bush called for the United States to produce 35 billion gallons of renewable fuels in 2017.

Any rapidly growing, paradigm-shifting industry is bound to engender both enthusiasm and resistance in roughly equal amounts. And the prospect of using grains, which have generally been cheap in this country, as a replacement for fossil fuels, was bound to excite hope and ruffle feathers. After all, while farmers and ethanol-plant investors will profit, companies and industries that rely on cheap grains, or that produce and distribute fossil fuels, face serious disruption. And so, before it has even emerged as anything more than a marginal contributor to supply—ethanol accounted for about 1.25 percent of gasoline use last year—a full-fledged ethanol backlash is underway. The squawks of protest arise not just from oil companies. They're coming from economists, environmentalists, poverty fighters, and science nerds. Meet the ethanol-skeptics.

Inflation hawks. Economists and analysts have been quick to note (subscription required) that using corn to make gasoline is contributing to the greatest macroeconomic evil: inflation. Indeed, energy and food now constitute a positive feedback loop. The high and rising energy prices—according to the Bureau of Labor Statistics, energy prices rose in the first half of this year at a 27.8 percent annual rate—contribute to high food prices in two ways. It makes farming, food production, and food distribution more expensive, and it encourages more people to use grains like corn to make ethanol, which also drives up corn prices. (Here's a chart of corn futures and a chart of wheat futures.) As the consumer price index shows, in the first half of 2007, food costs rose at a 6.2 percent annual rate.

Poverty activists. Inflation in food prices can inflict severe damage on the poor, who already spend a larger chunk of their income on food than the well-off. It's possible that America's hunger for gasoline could exacerbate hunger in Africa. Earlier this week, Josette Sheeran, an official of the U.N.World Food Program, told the Financial Times that rising global grain prices, which can be attributed in part to rising ethanol production, may force it to scale back relief efforts in places like Chad, Niger, and

Mali. They are confronting a doubling of corn prices in some countries, Shareen said. "In a world where our contributions are holding fairly steady, this [cost increase] means we are able to reach far less people."

Efficiency freaks. For economists, engineers, libertarians, and others who believe that inefficiency and market distortions are the greatest evils, ethanol is a fat target. As Robert Bryce noted in Slate, ethanol receives a generous and increasingly unnecessary federal subsidy. Thus, every gallon of ethanol produced adds to the deficit. And since ethanol doesn't pack as much power per gallon as gasoline distilled from crude oil, you have to burn more ethanol to go the same distance. The Environmental Protection Agency's fuel economy guide concludes that cars built to run on E85 (a gasoline made with 85 percent ethanol) get about 25 percent fewer miles per gallon as the same models that run on plain old gas. Business Week's Ed Wallace has thus dubbed ethanol a net energy waste. The frequent need for ethanol users to stop and refuel wastes time and money, and can be a serious impediment to long-distance car travel. The Department of Energy has a list of some 900 stations that offer E85. And as these guys found out, they are sometimes few and far between.

Environmentalists. Environmentalists are quick to warn about how the use of petroleum and coal for energy is fouling our air and water. The use of ethanol for the same purpose, it seems, could do the same. Earlier this week, the Washington Post described a new report, funded by government and nonprofit enviro groups, that looked at the potential impact of higher corn production in Maryland and Virginia on the Chesapeake Bay. The equation goes something like this: More corn farming requires more fertilizer (bad for the environment), and more tractors (bad for the environment), and produces more chemical runoff into water sources (bad for the environment). The upshot: If we keep blending ethanol into gasoline, there might not be any crabs in the Chesapeake anymore.

While I'm as susceptible to Malthusian thoughts as the next paranoid guy, I find much of the anti-ethanol case to be unpersuasive. In each instance, the haters would have us look at ethanol, and the ill effects its greater use would assuredly produce, largely in isolation. Might the production of corn ethanol cause pollution? Of course. Is it worse than the sort of pollution created by other types of energy production—i.e., coal and oil? Probably not. Does greater use of corn for ethanol help spur price increases for food? Sure, but so do many other factors, like, say, the transformation of China from a subsistence farming economy into a more modern one. Is ethanol more inefficient, and hence more costly, than gasoline? Yes. But our heavy use of gasoline imposes all sorts of other costs—from pollution to the hundreds of billions of dollars we spend each year in Iraq. Factor those in, and ethanol no longer seems like such an economic loser. Finally, the long-term worries of the ethanol haters are in large measure based on the assumption that ethanol will continue to grow for many years at the same blistering pace it has recently. Such proclamations of boundless growth, which are a recurring feature of bubbles, frequently don't materialize as promised. Remember Dow 36,000?

The Houston Chronicle (TX)
July 1, 2008

$100,000 gift led the attack on ethanol

Poultry titan gave Perry group funds, then work for waiver began, records show

By: R.G. Ratcliffe

AUSTIN — Gov. Rick Perry's request for a waiver of federal corn-based ethanol production mandates was prompted by a March meeting he had with East Texas poultry producer Lonnie "Bo" Pilgrim, who six days later gave $100,000 to the Republican Governors Association chaired by Perry.

In the three weeks following that donation, Perry's staff began preparing to submit the renewable fuel standards waiver request to the federal Environmental Protection Agency, according to 596 pages of records obtained from the governor's office by the Houston Chronicle under the Texas Public Information Act.

The donation, given March 31, also made it possible for Pilgrim to address nine Republican governors during a closed-door energy conference in Grapevine to explain his belief that ethanol production is driving up feed costs for poultry and livestock producers.

Perry aide Allison Castle said political donors get nothing but "good government" from Perry. She said he asked for the waiver because of ethanol's potential negative impact on livestock and poultry producers. Castle said Perry is scheduled to meet with EPA Administrator Stephen L. Johnson this month.

Rising corn prices and other feed grains have driven livestock and poultry producers and some of the nation's largest grocery manufactures to put together a campaign against ethanol, linking the rising price of groceries to the motor fuel additive. The "Food before Fuel" campaign is run by a public relations firm headed by a former spokesman for President Bill Clinton.

Study finds other factors

Perry's April 25 waiver request has national implications because an EPA waiver of renewable fuel standards would affect all ethanol production in the United States, not just in Texas. On Monday, more than four dozen House Republicans made a similar plea to the EPA, asking for a reduction in ethanol production mandates.

Perry pressed for the waiver despite an April 10 Texas A&M study that showed a waiver of federal mandates on ethanol production would have little or no effect in driving down the price of feed corn for poultry and livestock. The A&M study blamed rising corn prices on the cost of oil, global demands for corn and commodities speculation.

At Perry's request, A&M did a second study that was released in June. It found that if corn crops were short because of Midwestern flooding, a waiver would significantly lower corn prices.

The U.S. Department of Agriculture earlier this week reported that the corn harvest would be smaller than last year but only because fewer acres were planted.

When the waiver request was filed, Perry's staff orchestrated a show of support from cattle raisers, pork producers and poultry interests.

Perry's staff coordinated preparation of the waiver request with Pilgrim's Pride lobbyist Gaylor Hughey of Tyler and Cliff Angelo with Public Strategies, the firm handling a public relations campaign against ethanol for Pilgrim's Pride and a coalition of meat producers.

Talking points prepared for Pilgrim's appearance before the Republican governors were almost identical to ones Public Strategies gave reporters in advance of a June 24 news conference the firm organized for Perry at the National Press Club in Washington, D.C.

In filing his waiver request, Perry sent a letter to all 22 of his fellow Republican governors asking them to join him. No other state joined the petition before the deadline passed, though opposition to the mandate also came from numerous members of Congress, including Texas Sens. Kay Bailey Hutchison and John Cornyn.

Earlier donation to group

This is not the first controversial Republican Governors Association donation involving Perry. Houston homebuilder Bob Perry, who isn't related to the governor, gave the association $1 million during the 2006 gubernatorial campaign. The association then gave a like amount to Gov. Perry.

Texas Agriculture Commissioner Todd Staples said he first heard about the potential renewable fuels waiver from a representative of Pilgrim's Pride in February.

Staples said he took the issue seriously because the Texas livestock industry in 2006 had $10 billion in cash receipts while the grain industry had just $675 million. Staples said government policies that negatively impact the livestock industry cause far more harm to the Texas economy.

Jim Schwertner — president of Capitol Land and Livestock, a cattle dealer that feeds about 7,000 head each day — said he brought Pilgrim into discussions about obtaining the waiver. A Pilgrim's Pride spokesman said Pilgrim and Schwertner worked together to persuade state officials to seek the waiver.

Schwertner and Pilgrim met with Perry on March 25. Schwertner said Perry was supportive of seeking the waiver from the start.

Corn producer opposition

Opposition to grain-based ethanol is not new to Perry. When he announced a $5 million study grant to Texas A&M in 2007 for nonfood ethanol, Perry said: "We don't want to be put in the place of having to decide whether we are going to feed cattle or fuel vehicles."

While Perry's staff was in the process of preparing the waiver request, senior adviser Mike Morrissey and agriculture policy expert Toby Baker met with David Gibson, executive director of the Texas Corn Producers Board. The corn producers opposed the waiver.

"We never got to talk to anyone at a level higher than that," Gibson said.

Gibson said corn producers felt the meat producers were punishing grain growers in a year when prices were good.

2 News TV (ID)
July 1, 2008

Pros and Cons of Ethanol

By: Meteorologist Jennifer Robbins

BOISE- You may have noticed when you drive up to a gas station there are more signs offering ethanol, in fact, state officials say that supplies are up 35 percent in the Gem State since January.

"It's cheaper and and my truck uses it," said a Boise driver, while filling his tank with E-85.

Perhaps that's why some drivers are giving E-85 a try, a blend of gas that's 85-percent ethanol. Now, more and more pumps across the state are pumping out what's called E-10. The question is: what are ethanol's pros and cons, so consumers know what they are putting in their tanks.

"It's increasing all over the country a lot of that has to do with the federal law that was passed last year requiring a certain amount of ethanol being in the system," said Beth Baird a coordinator from the Treasure Valley Clean Cities Coalition.

Beth Baird is a member of the Treasure Valley Clean Cities Coalition, and is for ethanol.

"It lessens our dependence on foreign oil, and it can clean our air and it is good for our economy," Baird said.

According to Baird, Pro number one: it burns cleaner, and it's good for the environment. Baird admits to one con, she says generally ethanol blends get less gas mileage.

Bill Goodnight is an ethanol skeptic who claims less gas mileage is only one of the problems.

"You're not gonna be getting as good of economy out of it," said Bill Goodnight of United Street Rods of Idaho. "In older vehicles it can cause big problems."

Goodnight says ethanol blends are only good for newer vehicles.

"It's detracting us from real solutions, ethanol will not be the long term solution for our transportation needs," Goodnight said.

Baird says she's seen no proof that E-10 hurts most vehicles, and she says one of the most important things for investing in it--is it's positive effects on the environment. A bio-energy manager, John Crockett, at the Idaho Offices of Energy Resources, says it's also good for the environment in Idaho because most of the ethanol provided in the Gem State is made from potato waste locally.

Tulsa (OK) World
July 2, 2008

Ethanol labels blend wording

By: Rod Walton

Tuesday was the deadline for gas stations selling ethanol-blended fuel to comply with a new state law requiring labels at the pumps.

Stations are using various wording to notify the public about their E10 blends, while others are posting signs proudly indicating that they won't sell any type of ethanol at all. Either way, state regulators say they will be inspecting pumps to make sure all retailers are following the law.

Violators — those stations that use ethanol in their gasoline but don't tell consumers — can be shut down by the Oklahoma Corporation Commission and fined $500 each day of the violation.

"They need to fix it immediately," Commission spokesman Matt Skinner said, before adding, "We're in a transition phase. We're giving a little leeway."

This short-term tolerance involves stations that right now "may" meet the spirit of the law if not the letter. And may is the operative word.

QuikTrip Corp.'s sticker, for instance, says the "fuel contains up to 10 percent ethanol." Outside the Shell station at 23rd Street and Jackson Avenue, however, the wording says the gasoline "may" contain up to 10 percent ethanol."

Calls to a Shell Oil Co. spokesman were not returned Tuesday. Skinner noted that some businesses were having sticker issues and would eventually need to get more precise wording about their gasoline content.

"The bottom line for consumers: if they see a sticker regarding ethanol, whether it says 'does,' 'may' or 'might,' they should take it as does (contain ethanol) and make their purchasing decision accordingly," he said. "They need to be a good consumer."

Oklahoma's ethanol sticker law was passed this past legislative session after many stations began selling blended gasoline in the past year without telling customers. QuikTrip started using its E10 blend last fall without any stickers, but company spokesman Michael Thornbrugh said the public was notified through numerous interviews with the media at the time.

He also pointed out that by Tuesday, QuikTrip had posted ethanol content stickers on all pumps at its 57 Oklahoma convenience stores. The stickers follow the "exact verbiage" posted in the new law, Thornbrugh said.

Many nearby states have been using ethanol blends at their pumps for years, he added.

"Oklahoma really has been an island with ethanol not being introduced," Thornbrugh said. "There was not proper infrastructure and adequate supply."

Magellan Midstream Partners LP now boasts ethanol-blending capabilities at its Tulsa fuel terminal, while other companies reportedly are joining the effort at their facilities, he noted.

Part of the incentive to sell E10 fuel is that ethanol is significantly cheaper than regular gasoline. Ethanol costs less than $3 per gallon wholesale, while regular gasoline is selling at about $4 per gallon nationally.

The typical QuikTrip store was selling regular gas at $3.79 per gallon Tuesday. But Tom Frisch was selling his self-described "real gasoline" for $3.989 at his McKay's Conoco Service at 3344 E. 31st St.

Frisch is one of numerous station owners who refuse to sell ethanol-blended fuel. They say it is bad for engines, gets fewer miles per gallon and is only cheaper because it is subsidized due to the power of agricultural states.

"The government is selling us down the road," Frisch said.

Ethanol's detractors say the corn-based product is inefficient as a fuel and also drives up food prices.

Chuck Mai of AAA Oklahoma has noted that his group's members reported decreased gas mileage from fuel that they later learned was the hotter-burning ethanol blend. That outcry helped spark the new sticker law.

Mai said he does not know whether E10 ethanol helps or hurts engines. But he said retailers need to be clear about what kind of fuel they have in their pumps. In other words, no "may" about it.

"That doesn't really tell the consumer anything," Mai said.

The Oklahoma Corporation Commission's 23 fuel inspectors are out canvassing the state to make sure the stations are pumping the properly labeled gasoline, Skinner said. Oklahoma is one of the few states that test for octane on-site, and the OCC's testing machines are being retrofitted to determine if any ethanol is in the mix.

Commission inspectors performed more than 18,000 tests at pumps last year, and anyone using ethanol blend but not labeling it for the public has a good chance of getting caught, he said.

"We will shut that pump down," Skinner vowed.

Post Chronicle
July 1, 2008

Study: Ethanol Production Might Soon Stall

By: Staff

A Purdue economist says U.S. corn demand is exceeding supply and, combined with Midwestern flood losses, ethanol production might soon stall.

Purdue University agricultural economist Chris Hurt says with higher corn prices, fewer ethanol producers can afford the feedstock. In turn, domestic livestock producers and foreign buyers are finding it more difficult to obtain grain.

Everybody is trying to evaluate how many bushels of corn we've lost because of weather-related damage, what the implications are for prices and who can pay these high prices, said Hurt.

Using a similar 1993 Midwest flood as a model, Hurt estimates 2008 U.S. corn production could drop below 11 billion bushels. The ethanol industry needs 4 billion bushels of corn this year, while livestock producers used 6.15 billion bushels and foreign buyers 2.45 billion bushels of U.S. corn last year.

With millions of acres damaged by flooding, farm losses might reach into the hundreds of millions of dollars, Hurt said, noting growers have the most invested in this year's corn crop of any crop they've ever raised.

So if they are losing that crop, it is going to be the biggest dollar loss that we have ever experienced on a per-acre basis.

News-Leader (MO)
July 2, 2008

Steelman calls for end to ethanol mandate

In April, candidate for governor said she supported the law.

By: Chad Livengood

In April, Republican gubernatorial candidate Sarah Steelman said she supported Missouri's ethanol gasoline mandate "in the short run to help establish a market for renewable fuels."

The "short run" is apparently over.

On Tuesday, Steelman called for an end to the state's six-month-old mandate, which requires all unleaded gasoline be blended with 10 percent corn-based ethanol when it's not more expensive than regular gas.

"As an economist, I am very concerned about the use of mandates in a free market system," Steelman said in a statement in April. "However, the consequences of our nation's continued dependence on foreign oil are so far-ranging and serious that I support mandates in the short run to help establish a market for renewable fuels."

Steelman, who blames rising food prices on ethanol, claims she hasn't changed her position.

"After two months now of campaigning around (the state) and listening to people who are hurting because of the high price of gas and food, it's clear there have been unintended consequences from that mandate and I think it's time to repeal it," Steelman told reporters outside Willow Brook Foods on Jefferson Avenue in downtown Springfield.

Asked whether she changed her position after hearing concerns about energy and food prices from voters, Steelman didn't answer a reporter's question: "I believe in the free market and I think the free market always works better than a government mandate."

A spokesman for U.S. Rep. Kenny Hulshof said Steelman has done "a classic flip-flop" on the issue.

"She was for it before she was against it," said Scott Baker, a Hulshof spokesman. "It's a flip-flop that would make John Kerry proud."

Hulshof, R-Columbia, and Steelman are vying for the Republican Party nomination for governor.

Steelman said she picked Willow Brook Foods because the poultry plant is closing this fall. One of the reasons cited by owners in April is the rising cost to feed chickens and turkeys corn. Critics of the ethanol mandate blame it for causing a surge in corn feed prices.

"The free market, not the government, should dictate gas and food prices," said Steelman, the current state treasurer.

Steelman also proposed a new $500 tax credit for Missourians who purchase flex fuel vehicles, which can support an 85 percent ethanol-gasoline blend known as E85.

If elected governor, Steelman pledged to get a new oil refinery built in Missouri by providing economic incentives and streamlining the permit process. She also wants to create the Missouri Energy Independence Commission "to review proposals and allocated funds appropriated for the development of alternative energy."

Republican lawmakers and Gov. Matt Blunt have defended the ethanol mandate as a way for the state to ease its dependence on foreign oil. Efforts to repeal the mandate and require biofuels in all diesel fuel came up short in the General Assembly this year.

Last week, Steelman proposed a law banning elected officials or their families from getting state tax credits.

Under the current law, a Republican lawmaker and the governor's lobbyist brother, Andy Blunt, benefit from a tax credit for investing in an ethanol plant.

When asked whether politicians would be allowed to take advantage of the new tax credit for flex fuel vehicles, Steelman replied, "Well, of course not."

Hulshof, who also has defended the ethanol mandate, authored legislation in Congress for federal tax credits for biodiesel production, Baker said.

Wisconsin Ag Connection
July 2, 2008

WCGA: Corn Ethanol Helps Lower Gas Pump Prices

With gasoline prices hovering around $4 per gallon, the Wisconsin Corn Growers Association says ethanol and the country's Renewable Fuels Standard is part of the solution for rising food and energy costs. WCGA President Randy Woodruff says Americans are saving billions of dollars at the pump thanks to biofuels; and several recent studies have disproved big oils contention that corn prices are driving up food prices.

"Making renewable fuels the scapegoat for the higher price of food is unconscionable and I can't imagine why anyone would try to repeal the national energy legislation Congress enacted this winter when it's just starting to make a difference," said Woodruff, who is a corn and dairy farmer from Chippewa Falls.

In a press release by the Association, Woodruff points to several studies that prove his point. For example, a Merrill Lynch analyst estimates that oil and gasoline prices would be about 15 percent higher without our current biofuel production, which is replacing about six percent of current gas supplies. Another recent study by The Center for Agriculture and Rural Development at Iowa State University found similar results, suggesting that ethanol production and use has reduced gasoline prices by 29- to 40-cents per gallon.

The latest outlook from the U.S. Energy Information Administration projects that thanks in part to increased ethanol use America's petroleum consumption will fall by 90,000 barrels per day. With today's high oil prices, that's a difference of nearly $10 million per day, $300 million per month or more than $3.5 billion a year that the U.S. is investing at home instead of sending overseas.

Meanwhile, a study recently released by Texas A&M concludes decisively that higher corn prices have only a small effect on some food items. Several other studies support these conclusions including this winter's report from the Kansas City Federal Reserve Bank, a report from Biofuels Digest and an issue alert from the National Defense Council Federation entitled The Hidden Cost of Oil: An Update.

"The Renewable Fuels Standard in the energy bill provides incentives for petroleum marketers to introduce pre-blended gasoline at key terminals and ethanol currently is replacing an estimated six percent of imported fuel in our domestic fuel supply," explains Woodruff. "Not only is this helping improve our balance of trade, provide jobs in rural areas and increase tax revenues locally, ethanol helped reduce carbon dioxide and greenhouse gas emissions by some 10 million tons in 2007. That's the equivalent to taking nearly 2 million cars off the road and that number will continue to improve as we use more corn ethanol and other renewable fuels."

Additionally, the U.S. corn ethanol industry is becoming more energy efficient as it grows, and is improving its already light environmental footprint. Between 2001 and 2006 the ethanol production posted significant efficiency gains, according to 'Analysis of the Efficiency of the U.S. Ethanol Industry 2007," by May Wu, Center for Transportation Research, Argonne National Laboratory. These gains include a 26.6 percent decline in water consumption, a 15.7 percent decrease in grid electricity use and a total energy use decrease of 21.8 percent by ethanol plants.

For more information on corn ethanol, food and fuel and to view the background documents cited above go to www.wicorn.org.

Southeast Farm Press
July 1, 2008

Kentucky biomass to biofuels short course offered

By: Carol Spence

University of Kentucky

A biofuels short course will provide a broad introduction to the area of biomass-derived fuels, emphasizing technological aspects of their production, as well as new feedstock opportunities for farmers.

Organized by the University of Kentucky Center for Applied Energy Research, with sessions taught by lecturers from CAER and the UK College of Agriculture, the course will be held Aug. 14-15 at the Hyatt Regency Hotel in Lexington.

The development of low-cost, high-capacity processes for the conversion of biomass into fuels and chemicals is essential for expanding the use of carbon neutral processes, reducing dependency on fossil fuel resources and increasing rural income. According to Rodney Andrews, CAER director, there is a general consensus that biofuels production will continue to expand, increasingly based on dedicated energy crops and forestry products.

During the two-day workshop, participants will consider both current and emerging technologies, including bioethanol production from corn starch and cellulosic biomass, and the production of biodiesel and so-called "green" or "renewable" diesel. Other topics include the development of new feed stocks such as algae and sweet sorghum, and the economics of biomass utilization.

Alison Davis, assistant Extension professor in the UK Department of Agricultural Economics, will conduct a session on the economics of biomass utilization, covering such topics as production, harvest, storage and transportation costs, tax credits and incentives for solar, photovoltaics, ethanol and biodiesel.

Mike Montross, associate professor in UK Biosystems and Agricultural Engineering, and Samuel Morton of Lafayette College in Easton, Pa. will discuss new feedstock opportunities, including starch, cellulosic and oil sources. Montross and Czarena Crofcheck, UK associate professor in Biosystems and Agricultural Engineering, will co-teach an introductory session on bioethanol basics, and Crofcheck will also co-teach a session with CAER's Andrews and Jim Neathery on biofuels from lignocellulosic biomass.

Other sessions include the biorefinery concept and pyrolysis oil utilization and upgrading.

The course will benefit educators, students, researchers, entrepreneurs, small business owners, government regulators, federal and state legislative staffers, agricultural producers, bio-energy association affiliates and biofuel marketers, producers, and sales representatives. Cost of the course is $250. Nine engineering professional development hours are offered.

Deadline for registration is Aug. 1. For more information and registration visit http://www.caer.uky.edu/biofuels/shortcourse/2008biofuels.shtml or contact Teresa Epperson, 859-257-0200 or register@caer.uky.edu.

Minnesota Daily
July 2, 2008

Rethinking biofuels

As crop prices rise, corn biofuel should be re-examined.

last June saw some of the most intense flooding to hit the Midwest since 1993. Although agriculture stories seldom capture public attention, this one should have gotten the front page. That's because this event ought to be seen as the beginning of the end for corn-based biofuel production.

Last year, around 18 percent of our nation's corn was used in the manufacture of ethanol. This sizeable quantity makes a less-than-impressive dent in our foreign fuel dependency problems, replacing about 2 percent of our gasoline intake. Nevertheless, the continuing demand for corn to be redirected into ethanol has driven corn prices up 80 percent over the past year, with consequent rises in other food markets as well.

Midwest flooding has only exacerbated this problem. In Iowa, the largest corn-producing state in the nation, as much as 10 percent of the year's crop is expected to be lost. In a national perspective, a recent Department of Agriculture report has projected that farmers across the nation will harvest 9 percent fewer acres of corn this season. Global corn prices have steadily risen to unprecedented levels on the tail of this bad news, approaching a record high of $8 a bushel. National food prices will continue to rise as long as corn prices remain high, and a good way to slow the rate of price increases is to end corn biofuel production.

Certainly, developing alternative fuels is one of the most important avenues of current scientific inquiry and should be thoroughly investigated. But many of the so-called "first generation" biofuels have proven to be unsustainable in the long term. Instead, the solution may lie in the utilization of "second generation" energy sources, which use non-food crops like switchgrass.

Considering this, researchers here at the University deserve praise for studying methods to make the use of second-generation biofuels feasible, and showing the disadvantages of fuels that use corn and soybean crops. The public and policymakers would do well to hear them and consider whether we'd rather be feeding ourselves or feeding our cars.

Courier Post (NJ)
July 2, 2008

Corzine should seek waiver for ethanol fuel

The corn-based fuel, which has contributed to a spike in food prices, has proved less than ideal as an energy alternative.

Corn-based ethanol appeared to be a way to wean the United States from its "oil addiction," as President Bush once characterized it. Yet, it has failed to live up to expectations. Instead, the diversion of corn for use as fuel has helped drive up food prices nationally and around the world. While it is vital to increase reliance on alternatives to petroleum, clearly corn-based ethanol doesn't make the grade. It is time to adjust the nation's energy mix.

We join a group of businesses and environmentalists, which includes Camden-based Campbell Soup Co., in urging Gov. Jon Corzine to seek a federal waiver to forgo producing and using corn-based ethanol gasoline this summer in New Jersey. Under a federal mandate, some 9 billion gallons of corn-based ethanol is expected to be blended into gasoline. If more states receive a waiver on using this fuel, it could reduce demand for corn.

Corn prices not only affect the cost of food, but also meat and dairy products since it is used for livestock feed.

A 2007 federal law allows states to opt out of using this gasoline blend, a fuel mix the U.S. Environmental Protection Agency approved to also deal with ozone pollution so prevalent in summer months. Texas and Connecticut already have made waiver requests to help deal with rising food costs for their residents. Corzine should do so, too.

Some studies suggest corn-based ethanol has contributed 10 percent to 30 percent of the rise in food prices. While other factors have also pushed up food costs, such as poor weather conditions and population growth, easing demand for corn is something the nation could easily control.

In the imperative to become energy independent, government leaders should not continue to back an alternative that threatens the food security of so many working families here and abroad. There are alternatives, such as animal waste. Recycling farm waste could also help stem the too frequent fecal-matter contamination of the food supply.

In the short term, there is no doubt that using less corn-based ethanol won't reduce petroleum use or air pollution. It is a tough trade-off -- affordable food for families wrestling with whether to fill their refrigerators or their gas tanks, as a Campbell

executive outlined the dilemma for some people. Or, an abundant supply of a petroleum alternative that is less polluting, but also less than ideal as an energy source.

We urge Corzine to come down on the side of working families and make the call to seek an ethanol waiver.

Mongabay.com
July 1, 2008

Louisiana signs non-corn ethanol law for to procude a better biofuel

Louisiana has signed into law legislation to develop an advanced biofuel industry that excludes corn as a feedstock, reports Biopact.

The Advanced Biofuel Industry Development Initiative will promote high yielding non-corn crops that can be grown without excessive irrigation or application of fertilizers.

The legislation will provide funding for a network of small advanced biofuel manufacturing facilities that "[do] not burden local water supplies and [provide] for a more broad-based economic development."

The resulting biofuel will "offer the consumer a less expensive substitute for unleaded gasoline in the form of E10, E20, E30, and E85," according to the text of the legislation (HB No. 1270).

"The development of an advanced biofuel industry will help rebuild the local and regional economies devastated as a result of Hurricanes Katrina and Rita by providing: (1) increased value added to the feed stock crops which will benefit the producers and provide more revenue to the local community; (2) increased investments in plants and equipment which would stimulate the local economy by providing construction jobs initially and the chance for full-time employment after the plant is completed; (3) secondary employment as associated industries develop due to plant coproducts becoming available at a competitive price; and (4) increased local and state revenues collected from plant operations would stimulate local and state tax revenues and provide funds for improvements to the community and to the region," states the text of the House Bill. "Blending fuel-grade ethanol with gasoline at the gas station pump will offer the Louisiana consumer a fuel that is less expensive, cleaner, renewable, and more efficient than unleaded gasoline."

"An advanced biofuel industry development initiative in Louisiana is vital to ensuring the broad-based rural economic development of Louisiana and is a matter of public policy."

HB NO. 1270: Advanced Biofuel Industry Development Initiative