ETHANOL COALITION OF MICHIGAN

Summer 2005 Newsletter

The Ethanol Coalition of Michigan (ECOM) unites commodity organizations, fuel suppliers, educators, producers, businesses, government agencies and individuals who are interested in expanding the production and use of ethanol in Michigan.

Great Lakes Ethanol Merges with Midwest Grain Processors

Great Lakes Ethanol, LLC, the owners of the proposed Riga, Michigan ethanol plant have merged with Midwest Grain Processors, LLC, of Lakota, Iowa. The plant's board hopes the merger will entice new investors, and that current investors increase their contributions. Midwest Grain, owners of a 50-million-gallon capacity ethanol plant in Lakota, Iowa, hopes the merger will allow them entry into harder-to-access eastern markets.

The plant's construction has been delayed because of a lack of financial support. Agreements with local and state officials will allow the plant to forgo paying township and county taxes for 12 years, and state taxes for 15 years. Great Lakes has raised $15 million to date, 98% of which comes from area farmers, many of whom will sell their corn to the proposed plant.

Ethanol Incentives in Energy Bill

The Energy Bill was passed by Congress during the last week of July. It includes incentives for ethanol and other renewable fuels. Ethanol incentives include the provisions:

- A renewable fuels standard that nearly doubles U.S. ethanol use to 7.5 billion gallons by 2012.
- A 30% federal income tax credit for up to $30,000 for the establishment of E85, B20, and other alternative fuels infrastructure, effective January 1, 2006 through December 31, 2007.
- Federal fleets will be required to purchase alternative fuel for use in their alternative fuel vehicles.
- The Secretary of the Department of Energy will be called upon to issue contracts and grants to encourage the advancement of hybrid-flexible fuel vehicles.
- The production capacity for small ethanol producers seeking tax credits is now increased from 30 million gallons to 60 million gallons.

Cornell Study Reignites Debate Over Ethanol's Energy Balance

A new study by Cornell University Ecologist Dr. David Pimentel and Civil and University of California at Berkeley Civil and Environmental Engineer Dr. Tad Patzek claims there is a net energy loss in ethanol production from seed to fuel. Ethanol advocates point to studies by Argonne National Laboratory and the USDA that say the opposite—that ethanol has a positive energy balance.

Pimentel and Patzek combine government subsidies to corn farmers and ethanol producers with those of the cost of the conversion of ethanol to conclude that it costs $1.88/liter ($7.12/gallon) to produce a liter of ethanol. They go on to challenge the argument that ethanol helps bring in revenue for farmers is false because many of the subsidies go to large corporate agribusinesses.

Many, including the National Renewable Energy Laboratory, Argonne National Laboratory, and the office of the U.S. Secretary of Energy, have countered their arguments by citing many studies that conclude ethanol has a positive energy balance.

For the Cornell study, please see: http://journeytoforever.org/biofuel_library/Pimentel-Tadzek.pdf

For studies showing a positive energy balance, please see: http://www.usda.gov/oce/oepnu/aer-814.pdf,

http://www.transportation.anl.gov/pdfs/TA/344.pdf, and

http://www.nrel.gov/docs/gen/fy02/32127.pdf

Michigan Ethanol Plants

Company	Location	Size and Nature	Status
Michigan Ethanol	Caro	63 million gallons, denatured	Online
Great Lakes Ethanol	Riga	63 million gallons, denatured	Permits approved
Superior Corn Products	Lake Odessa	53 million gallons, denatured	Permits approved, site preparation
Andersons, Inc.	Albion	50 million gallons, denatured	In permitting with DEQ
Marysville Ethanol	Marysville	50 million gallons, denatured	In permitting with DEQ

Toyota to Sell Flex-Fuel Vehicle in Brazil

Toyota is developing a flexible fuel vehicle for sale to Brazil and other Latin America markets for sale in late 2006 or later. The price of E85 in Brazil is half that of gasoline.

Toyota has not developed a flexible vehicle prior to this because alcohol fuels are not allowed to exceed 3% of all fuel sold in Japan. They now see growing demand for flexible fuel vehicles in Latin America, and in India and China.

New Technology Allows Biodiesel Production in Ethanol Plants

Ethanol producers in Iowa, Nebraska, South Dakota and Minnesota have partnered with a technology firm to extract oil from the dry mill process of ethanol production, which creates an additional revenue stream by creating a feedstock for biodiesel that ethanol plants can then sell.

SunSource BioEnergy, LLC, a partnership of VeraSun Energy, Glacial Lakes Energy, KAAPA Ethanol, Golden Grain Energy, and Ethanol Oil Recovery Systems, described the technology at the Fuel Ethanol Workshop in Kansas City, MO, on Thursday, June 30.

For more information, see the press release at http://www.verasun.com/releases_6_14_05.htm.

Calendar of Events

Fifth Annual Biocycle Conference on Renewable Energy from Organics Recycling
Sept. 12-14, 2005
Madison, Wisconsin
Contact 608-831-2000 for hotel.
See http://www.jgpress.com/conferences1/conferences1.html for more information.

2005 Midwest Energy Solutions Conference
October 3 – 4, 2005
Chicago, Illinois
Contact: Samantha Mattone, 312-587-8390 ext. 11
See http://www.mwalliance.org/energypros/activities/conference/2005/ for more information.

National Ethanol Conference
February 20-22, 2006
Las Vegas, Nevada
See http://www.ethanolrfa.org/nec.shtml for more information.

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