ETHANOL COALITION OF MICHIGAN

Winter 2008 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.

Corvette Racing Goes Green with E85 Ethanol Fuel in 2008 American Le Mans

DETROIT- Corvette Racing will be powered by E85 ethanol, a high-octane, renewable alternative fuel, in the 2008 American Le Mans Series. As part of the series' "green racing" initiative, the most successful team in ALMS history will use a blend of 85 percent ethanol and 15 percent gasoline in the demanding arena of endurance road racing.

After winning its seventh consecutive GT1 manufacturers and team championships in 2007 using E10 (10 percent ethanol), Corvette Racing's twin Compuware C6.R race cars will make the transition to E85 for the 2008 season.

"Since its inception, Corvette has always been a platform for Chevrolet and GM to introduce and develop new technology," Chevrolet general manager Ed Peper said during today's announcement at the North American International Auto Show. "Like the Corvette Z06 E85 concept car that will pace the 2008 Indianapolis 500, the use of E85 ethanol fuel by America's premier production sports car racing team in a high-profile, high-tech racing series like the ALMS shows that Chevy is continuing to lead by example.

"By showcasing the capabilities of E85 ethanol before an audience of knowledgeable and technically astute race fans, we can demonstrate the benefits of a renewable fuel that helps to reduce dependence on petroleum, helps to reduce emissions of greenhouse gases, and helps to create greater diversity in energy supplies," Peper said. "Of course, performance is what counts in racing, so E85 ethanol's higher octane rating than gasoline wasn't overlooked by the Corvette Racing engineers."

E85 ethanol already is an option for millions of everyday drivers - and GM leads the automotive industry with more than 2.5 million E85-capable cars, trucks and SUVs on the road in the United States. GM produces about 400,000 E85-capable vehicles a year and will double that to 800,000 a year by 2010. Chevrolet offers seven E85-capable models in 2008.

"This is the first time a racing series has made a commitment to E85; the highest performing fuel available to consumers with flex-fuel vehicles," said Reece Nanfito, senior director of marketing for EPIC. "Our partnership with GM and Corvette Racing demonstrates ethanol's growing relevance in the consumer market."

Corvette Racing's transition from E10 to E85 ethanol will be seamless, according to Steve Wesoloski, GM Road Racing Group manager. "The race cars' fuel systems were already 100 percent compatible with ethanol," he said, "so our preparation for the change to E85 in 2008 basically comes down to recalibrating the engines.

"Corvette Racing is targeting the season-opening round of the 12-race series, the Mobil 1 Twelve Hours of Sebring, on March 15, 2008, for the debut of its E85-powered race cars.

Alternative Fuel Taxes Rise

Michigan ethanol and biodiesel blenders began 2008 a little lighter in their pockets, as a last-minute rule went into effect, essentially eliminating the tax incentives for both fuels.

"Effective Jan. 1, 2008, the Michigan fuel tax rate for undyed diesel fuel containing at least 5 percent biodiesel is increased to 15 cents per gallon from 12 cents per gallon, and the Michigan fuel tax rate for gasoline containing at least 70 percent ethanol is increased to 19 cents per gallon from 12 cents per gallon," according to a document provided by the Michigan Petroleum Association/Michigan Association of Convenience Stores. "These changes in the tax rates are based on the statutory requirements in the Motor Fuel Tax Act, which states the legislature needs to [annually] appropriate money into the transportation fund, which they did not do for this fiscal year," the document noted.

According to Terry Stanton, spokesman for the Michigan Department of Treasury, the state legislature fell approximately $770,000 short on funding to renew the annual biofuels tax incentives. Therefore, the tax rates for ethanol and biodiesel are now the same as conventional fuels.

However, the biofuels tax rates could return to lower levels if the state legislature is able to come up with the funding shortfall, Stanton said.

U.S., EU, Brazil Compile Biofuels Standards Report

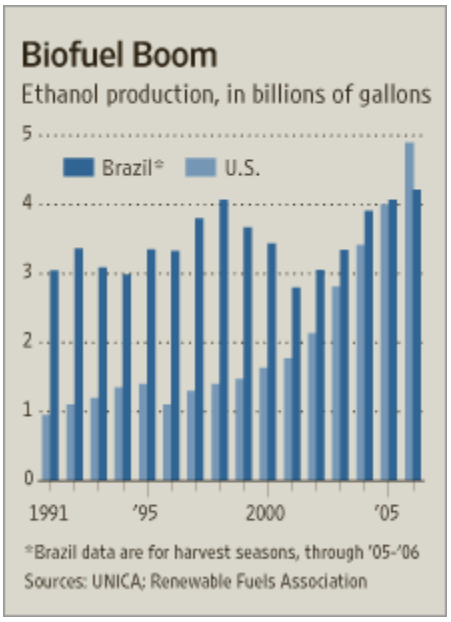
Technical experts from standards-developing organizations in the United States, European Union and Brazil have been meeting regularly over the past six months to review standards for biodiesel and ethanol. On Feb. 1, the joint task force released an analysis of current biofuels specifications with the goal of facilitating the expanded trade of these renewable fuels. The report was solicited by the U.S. and Brazilian governments, and the European Commission on behalf of the EU.

One potential obstacle to achieving greater efficiency in the global biofuels market is confusion over differing—and sometimes conflicting—standards for characterizing the makeup and properties of biofuels. To clarify the current situation and identify potential roadblocks to improved compatibility, the task force was charged with comparing the specifications in existing biodiesel and ethanol standards, including factors such as content, physical characteristics and contaminant levels that govern a fuel's quality. The new report, titled "White Paper on Internationally Compatible Biofuels Standards," identified where key specifications in the standards were: 1) similar enough to be considered compatible; 2) different, but could be reconciled in a short time; or 3) irreconcilably different in their current form.

For biodiesel, the report lists six specifications out of 24 as compatible, and suggests that many of the remaining differences could be handled by blending various types of biodiesel to create an end-product that meets regional specifications for fuel quality and emissions. In terms of ethanol, nine of the 16 ethanol specifications reviewed are "in alignment," according to the task force. Additionally, all but one of the remaining specifications could be aligned in the short term.

The White Paper on Internationally Compatible Biofuel Standards can be found on ASTM's website:

www.nist.gov/public_affairs/biofuels_report.pdf



Biomass Energy Program Workshop and Event Funding

Up to **$2,500** is available to support a workshop or event that promotes the production, commercialization, and use of biomass energy in Michigan. Workshops/events must take place in Michigan and occur before May 30, 2008. Public and non-profit organizations are eligible to submit proposals.

Hurry before funding runs out!
Please see the official announcement at www.michigan.gov/biomass for more information.

Calendar of Events

The Alternative and Renewable Energy Summit
March 11
Grand Rapids, MI
www.gvsu.edu/energysummit

Michigan Energy Conference
April 11-12
Ferris State University, Big Rapids, MI
www.ferris.edu/mec

BioCycle's 24th Annual West Coast Conference
April 14-16
San Diego, CA
www.jgpress.com

International Biomass Conference & Trade Show
April 15-17
Minneapolis, Minnesota
www.biomassconference.com

Green Street Fair
May 3-4
Downtown Plymouth, MI
www.greenstreetfair.com

SMALLWOOD 2008 and Bioenergy & Wood Products Joint Conference
May 13-15
Monona Terrace Convention Center, Madison, Wisconsin
www.forestprod.org/conf2008.html

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