MICHIGAN ETHANOL NEWS

Spring 2008

The Michigan Ethanol News updates commodity organizations, fuel suppliers, educators, producers, businesses, government agencies and individuals who are interested in expanding the production and use of ethanol in Michigan.

GM and Mascoma Announce Partnership to Develop Cellulosic Ethanol

Washington, May 1 – General Motors Corporation and Mascoma Corporation announced their intentions to form a strategic partnership aimed at developing Mascoma's proprietary conversion process for cellulosic ethanol. Given the increasing global demand for corn, both companies are reacting to the eventual need for increased amounts of low-carbon alternative fuels from sources other than feed crops.

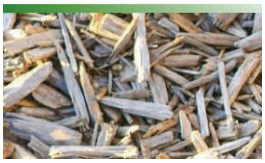
Mascoma Corp. is a leader in advanced low-carbon biofuels technology based out of Boston, Massachusetts with laboratories in Lebanon, New Hampshire. This new partnership with GM represents a significant step in their quest to make cellulosic ethanol commercially viable and competitive with that of corn and fossil fuels.

"Cellulosic biofuels represent next-generation renewable energy, and have the potential to reduce oil dependence, reduce greenhouse gas emissions, and stimulate regional economic development," said Mascoma Charmain and CEO Bruce Jamerson. "Our transformational technology will allow us to combine the affordable non-grain biomass with low-cost conversion techniques to make ethanol more quickly, efficiently and economically than is possible with other biochemical methods." Mascoma's single-step cellulose-to-ethanol method, called Consolidated Bioprocessing, or CBP, seeks to accomplish this goal by lowering the costs associated with additives and enzymes.

"Taken together, these technologies represent what we see as the best in the cellulosic ethanol future and cover the spectrum in science and commercialization," said GM President Fritz Henderson. "Demonstrating the viability of sustainable non-grain based ethanol is critical to developing the infrastructure to support the flex-fuel vehicle market."

In the auto industry, GM is the leader in offering vehicles capable of running on either standard gasoline or E85 blend or any combination of both fuels. Of the 7 million flex-fuel vehicles currently in the U.S., 3 million are cars and trucks produced by GM.

Among Mascoma's long-term projects is the proposed construction of a cellulosic plant here in Michigan (announced last summer) as well as plants in Tennessee



and New York. Residents are hopeful that the facility will help to bring much needed jobs to the area.

It is also interesting to note that GM's contract with Mascoma is not exclusive and that they expect to license the process to other fuel producers in the future. Currently, an agreement also exists with Coskata, a bio-based renewable energy company, to develop another proprietary process for producing cellulosic ethanol. When questioned about why they invested in multiple processes, GM's Candace Wheeler responded that they could potentially be complementary. For example, the byproducts from the Mascoma process could be fed into the process developed by Coskata, which could increase the final yield. All three companies are enthusiastic about the possibilities that these new technologies will provide.

For more information: http://www.mascoma.com/news/pdf/043008%20GM-Mascoma%20NR%20FINAL%20(2).pdf

DLEG Energy Office Offers Incentives for Biofuel Highway Signs

May 13 — The Michigan Department of Labor and Economic Growth (DLEG) has announced that the State Energy Office is offering a rebate program that covers a portion of the costs for retail service stations to advertise ethanol (E85) or biodiesel (B20) fuels on freeway exit signs. The rebates of up to $1,500 will pay 50% of the costs to design, install, and pay the first year's annual fee for retail service stations that offer these fuels and qualify for the Michigan Department of Transportation's Logo Sign Program.

The goal of the rebates is to make it easier for all motorists to locate stations where E85 and B20 are sold as they are traveling throughout the state. The source of rebate funding is a U.S. Department of Energy grant to the Energy Office.

Interested service station owners may contact Michigan Logos at (888) 645-6467 for help with the biofuels sign application process, or view their website at: http://www.michigan.interstatelogos.com

Once new biofuels signs are in place, rebate applications can be obtained from Tim Shireman at (517) 241-6281 or at shiremant@michigan.gov or by visiting the DLEG/Energy Office website at:

www.michigan.gov/energyoffice

Ethanol Tariff Set to Expire

At the end of 2008, the 54-cent-per-gallon tariff that has been imposed against all ethanol imported into the U.S. is set to expire. In particular, large quantities of Brazilian ethanol entering the country are of immediate concern to the U.S. ethanol industry.

According to many producers, the tariff is a necessary tool to protect an industry that is not established enough to compete without government protection.

According to Andy Foster, corporate spokesman for Amercian Ethanol LLC in Illinois, "the disadvantage would be akin to a mouse fighting a gorilla." He also comments on the distinct differences between the two countries which further support the need for a tariff. "They certainly have a greater advantage in that the private companies weren't saddled with trying to figure out how to do logistics and install E85 gas pumps and all the rest of it—the government paid for all that," Foster says.

Despite fears among members of the ethanol industry, the healthy bipartisan support for biofuels on Capitol Hill is encouraging. It is expected that the U.S. ethanol industry will be strongly represented once debate is underway in Washington.

For more information:
http://www.ethanolproducer.com/article.jsp?article_id=3984&q=&page=1

Farm Bill Passes Senate

May 15 – A new $290 billion, five-year Farm Bill has passed the U.S. Senate by a strong veto-proof margin of 81-15. This comes on the heels of an overwhelming bipartisan passage in the House as well. Among the provisions are: a reduction in the 51 cents/gallon credit for ethanol by 6 cents/gallon after the 7.5 billion gallon threshold is reached, a new cellulosic biofuels production tax credit for up to $1.01/gallon (through December 31, 2012), as well as a new bio-refineries loan guarantee program. Also, entities such as state governments, tribal or local governments, colleges, universities, rural electric cooperatives and public power companies would be eligible for energy audit grants.

This Farm Bill, however, is generating a fair amount of controversy. President Bush has mentioned a possible veto and many members of the agricultural industry are dissatisfied with elements of the bill. In a statement issued by Agriculture Secretary, Ed Schafer, he offers harsh criticism against the legislation.

"The bill passed today is a farm bill in name only. It does not target help for the farmers who really need it, and it increases the size and cost of government while jeopardizing the future of legitimate farm programs by damaging the credibility of farm bills in general," Schafer says. He also makes reference to "massive earmarks" such as: $170 million for salmon fisherman on the West Coast, and $250 million for a single entity land buy in Montana.

Strong supporters of the Bill, like Nancy Pelosi however, say that it takes some initial steps toward subsidy reform while increasing money for food stamps. Another selling point, was the fact that financing will come from customs fees paid by importers and will not impose new taxes. The bill now awaits approval or rejection from President Bush.

Calendar of Events

6th Corn Utilization and Technology Conference
June 2-4
Kansas City, MO
http://www.corntechconf.org/index.asp

Mayor's Green Fair
June 13
Ann Arbor, MI
http://www.a2gov.org/government/publicservices/systems_planning/Pages/green.aspx

2008 International Fuel Ethanol Workshop & Expo
June 16-19
Nashville, TN
https://www.fuelethanolworkshop.com/ema/DisplayPage.aspx?pageId=Home

Biofuels 2010
June 23-24
Houston, Texas
http://www.biofuels2010.com/

Michigan Energy Fair 2008
June 27-29
Onekama, MI
http://www.glrea.org/events/MichiganEnergyFair2008/

2008 Farm to Fuels Summit
July 30 –August 1
Orlando, Florida
http://www.floridafarmtofuel.com/summit_2008.htm

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