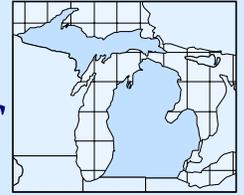


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Ethanol Coalition of Michigan (ECOM)-NEWS



Who We Are

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. ECOM goals include: increasing public awareness on the benefits of ethanol; supporting legislative efforts, encouraging positive ethanol marketing practices and presenting ethanol educational programs to schools, civic groups and other interested parties.

Contact Information

If you are interested in receiving ECOM NEWS or have ethanol-related information to submit for this publication, contact Kelly Launder, MI Energy Office-Biomass Energy Program Manager at (517) 241-6223 or by email at: klaund@michigan.gov

Additional ethanol information is available on the Biomass Energy Program website at <http://michiganbioenergy.org/ethanol>

ECOM Activities

ECOM Webpage

The ECOM webpage, which is hosted on the Michigan Biomass Energy Program website has been recently updated to include member links and other ECOM information. The updated webpage can be viewed at <http://michiganbioenergy.org/ethanol/ecom.htm>

2002 Member Accomplishments & Activities

The Ethanol Coalition of Michigan has recently completed a list of member ethanol-related accomplishments and activities. The list includes promotional and educational activities as well as other state ethanol activities. The document is posted on the ECOM webpage.

Ethanol Updates

Michigan Ethanol Labeling Legislation

Legislation exempting 10% or lesser ethanol blends from pump labeling was passed by the Michigan House of Representatives (HB 4657) 80 to 27 on May 21st and by the Michigan Senate 28 to 9 on June 26th.

Many Michigan ethanol proponents have been working to repeal the ethanol labeling law due to the negative perception that labels may have on the general public. It is argued that consumers view the label as a warning. (Otherwise why would it need to be labeled?) A study by Atlantic Richfield found that, "when consumers are aware that the unleaded [gasoline] is in fact gasohol they tend to shun the product." This may be due to negative stereotypes formed in the early 80s when alcohol blended fuels were first widely distributed. The absence of motor fuel standards led to incidents of mis-blended gasoline and consequently, consumer complaints about vehicle damage. As a result of these initial problems, 12 states (including Michigan) adopted alcohol-blended fuel standards and required pump labels identifying gasoline that contained alcohol.

Renewable Fuels Standard Amendment Passed by U.S. Senate

The U.S. Senate has voted to include the renewable fuels standard (RFS) in the 2003 Energy Bill. The RFS would increase the use of renewable fuels to 5 billion gallons by 2012 and ban the use of MTBE in all gasoline within four years.

NCGA Study Highlights Renewable Fuels Standard Benefits

A recently completed study by the National Corn Growers Assn. (NCGA) shows the positive impacts from a national renewable fuels standard (RFS). NCGA found that a RFS could reduce the retail price of regular gasoline by five percent, and reduce government farm payments by more than \$1 billion. The study is available on the NCGA website at: www.ncga.com

Ethanol Updates –continued

MTBE Banned in Michigan

On June 1, 2003 Michigan's ban on the use of the gasoline additive Methyl Tertiary Butyl Ether (MTBE) took effect. MTBE has been banned in many states due to water contamination and health concerns. A University of California-Davis report "Health & Environmental Assessment of MTBE" found that there are "significant risks and costs associated with water contamination due to the use of MTBE." MTBE is highly soluble in water and travels easily and swiftly to ground and surface water supplies.

The ban of MTBE in various states could greatly increase ethanol use, especially in areas mandated to use oxygenated fuels. Ethanol is the second most common fuel oxygenate (next to MTBE). Its predicted that in California ethanol demand will increase to 800 million gallons per year when their MTBE ban goes into effect in 2004. Individual states right to ban MTBE use was recently upheld by the United States Court of Appeals. A June 4th decision by the court dismissed a lawsuit filed by the Oxygenated Fuels Assn. against California's ban on MTBE. Michigan is the sixth state to ban the use of MTBE.

New Partnership Formed to Investigate E-diesel Benefits

The National Corn Growers Assn., Renewable Fuels Assn., Illinois Dept. of Commerce and Community Affairs, John Deere, and state corn check-off boards from Iowa, Kansas, Michigan, Nebraska, and Ohio have created a partnership to complete research on the use of E-diesel. E-diesel is a blend of up to 15% ethanol, 80% diesel fuel and 5% special blending additives that prevent the ethanol and diesel from separating at very low temperatures or if water contamination occurs. Previous testing has shown emission reductions of up to 41% for Particulate Matter, 27% for Carbon Monoxide and 5% for Nitrogen Oxides. This project will focus on engine durability and compatibility (using various John Deere diesel engines), field testing, storage and handling specifications, and emissions testing.

Up-to-date Ethanol Rack Prices Available from ACE

Current ethanol rack prices for most Midwest states are available on the American Coalition for Ethanol (ACE) website at www.ethanol.org, under "Ethanol Price Update".

Upcoming Events

Ag Expo

July 22-24

East Lansing, Michigan

Contact: MI Corn Growers Association

Phone: (517) 323-6600

Website: www.micorn.org

ACE Annual Meeting & Ethanol Conference

July 30-August 1

Sioux Falls, South Dakota

Contact: American Coalition for Ethanol

Website: www.ethanol.org/conference.htm

Ethanol Night at the Races

August 1

Birch Run, Michigan

Contact: MI Corn Growers Association

Phone: (517) 323-6600

Website: www.micorn.org

The World Summit on Ethanol for Transportation

November 2-4

Quebec, Canada

Contact: BBI International

Phone: (719) 942-4353

Website: www.bbiethanol.com