

Posted on Tue, May. 01, 2007

Ethanol juggernaut moves through D.C.

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WASHINGTON --

Nebraska hog producer Joy Philippi says livestock farmers "are having jitters" over ethanol, worried there won't be enough corn left for the pigs.

She might as well be talking to a wall.

There is an ethanol juggernaut moving through Congress that will call for a sevenfold increase in biofuels production - almost all of it ethanol - over the next 15 years. Presidential primaries, anger over gasoline prices and global warming make ethanol a potent political issue for both parties.

Just two years ago Congress directed that oil refiners more than double their use of corn-produced ethanol as a gasoline additive to 7.5 billion gallons a year. Lawmakers' sights are now set on several times that amount.

A bill expected to win bipartisan approval Wednesday from the Senate Energy and Natural Resources Committee would require 36 billion gallons of ethanol be used annually by 2022, including 20 billion gallons made from feedstock other than corn - such as switch grasses, wood chips, corn stems and leaves.

At the same time, lawmakers are considering everything from loan guarantees and tax breaks for research and building cellulosic ethanol plants to making oil companies put ethanol pumps at retail service stations. They're looking to automakers to fine-tune cars and reduce the efficiency loss when using gasoline blends with higher percentages of ethanol.

Senate Majority Leader Harry Reid, D-Nev., wants an ethanol package ready by Memorial Day for a Senate vote shortly afterward. A parallel track has another group of senators assembling a package of pro-ethanol tax incentives.

In the House, Speaker Nancy Pelosi, D-Calif., has told her committee chairmen she also wants an "energy security" package with ethanol as its linchpin ready for a floor vote this summer.

A confluence of issues is behind the rush for ethanol: \$3 a gallon gasoline, demand for greater energy security, concern over relying on oil imports from politically volatile regions, and growing worries about carbon dioxide from fossil fuels - the principal "greenhouse" gas linked to global warming.

There is hardly a lawmaker - or presidential aspirant - who hasn't signed onto some sort of ethanol promotion.

"We counted 145 bills that deal with ethanol or renewable fuels in some capacity," says Matt Hartwig, a spokesman for the Renewable Fuels Association, which represents the ethanol industry.

The bill before the Senate Energy Committee, in addition to setting aggressive ethanol production increases, would provide \$250 million for each of six renewable fuels plants. Co-written by the panel's Democratic chairman and senior Republican, respectively New Mexico Sens. Jeff Bingaman and Pete Domenici, it also calls for a 50 percent increase in government research on producing ethanol from non-corn feedstocks.

President Bush's plan to reduce gasoline consumption by 20 percent by 2017 also relies on developing non-corn ethanol. It's the same product as corn-based ethanol, but scientists have found it harder to develop the enzymes needed to economically convert it to a fuel.

Bingaman's bill would require a percentage of ethanol on the market to be cellulosic by 2016. By 2022, at least 20 billion gallons of the total 36 billion gallons a year would have to be cellulosic ethanol.

Livestock farmers like hog producer Philippi, who raised her concerns at a recent Senate hearing, also are pushing for more research into cellulosic ethanol, hoping to take pressure off the corn markets.

"Our agricultural sector has demonstrated an impressive capability to supply renewable fuels," says Sen. Tom Harkin, D-Iowa, a longtime ethanol cheerleader, who once drank some of the fuel - essentially alcohol - to demonstrate it is not harmful.

Automakers have also fanned the ethanol flames by promoting - at the White House, on Capitol Hill and to the media - their push to put more "flex-fuel" vehicles on the road that can run on either gasoline or an 85 percent blend of ethanol, known as E-85.

Major manufacturers have pledged to double production of such vehicles to 2 million a year over the next three years.

The oil industry says it supports expanded use of ethanol but wants to keep it as a blend with gasoline and not as a major expansion of E-85. The oil industry has been lobbying against proposals that would require the installation of pumps that carry E-85 fuel.

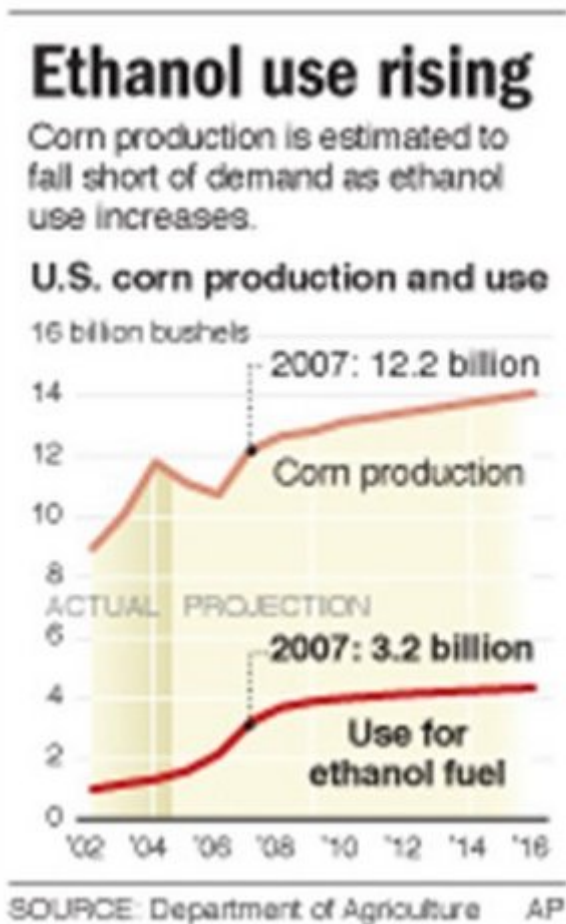
"We support more ethanol in the fuel supply," Peter J. Robertson, vice chairman of Chevron Corp., said in an interview. With a 10 percent ethanol blend, gasoline refiners can use all the ethanol that corn farmers can produce, he said.

The ethanol industry estimates that with new efficiencies corn likely can supply up to 14 billion gallons a year before impacting food supplies. Motorists today buy about 140 billion gallons of gasoline a year.

Ethanol has long benefited from a 51-cent tax break, so government support for it has been a staple of Farm Belt politics. Bush repeatedly has touted expanded ethanol use as a central part of his energy policy and has sent to Congress a proposal mandating the use of 35 billion gallons a year of "alternative" fuels, mostly ethanol, by 2017.

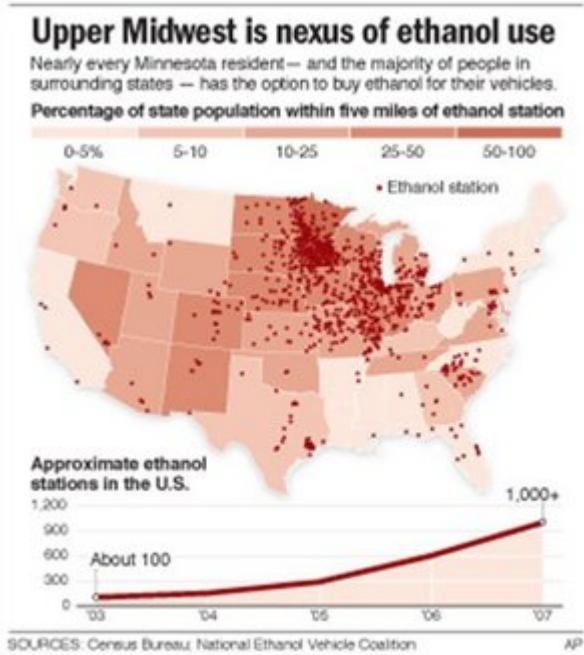
Those vying to succeed Bush also have joined the ethanol bandwagon, aware that an early campaign test will be in Iowa, where corn and ethanol are king.

The bill is S 987, the "Biofuels for Energy Security and Transportation Act."



Carrie Osgood / AP

Graphic shows annual corn production and ethanol use; 1c x 3 inches; 46.5 mm x 76 mm



AF / AP

Graphic shows percentage of population within five miles of an ethanol station by state;
 2c x 3 3/8 inches; 96.3 mm x 86 mm



Victor R. Caivano, file / AP Photo

A man walks with his bicycle through sugar cane fields in Piracicaba, Brazil, in this March 2, 2007, file photo. In the background are ethanol tanks filled with fuel produced from the endless fields of sugar cane that carpets Latin America's largest nation.



Ricardo Moraes / AP Photo

An attendant at a gas station fills a car with ethanol in Rio de Janeiro, Friday, April 6, 2007. Three years after American, German and Italian automakers unveiled "flex-fuel" cars in Brazil that run on gas, pure ethanol or any combination of the two, foreign investors are pouring in billions of dollars to start up ethanol operations in a nation some are starting to call the Saudi Arabia of renewable fuel.