



Iowa Renewable Fuels Association

GREEN Team

Grassroots Renewable Energy Network

Newsletter for renewable fuels advocates

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President Obama's Energy Blueprint

In recognizing the need for a more aggressive energy policy, **President Obama** is calling for increased production and use of renewable fuels. Citing Brazil's policy on high blends of ethanol for all its vehicles, the President believes this is an example for America to follow.



President Barack Obama

The Administration is investing in fueling infrastructure and research and will focus future initiatives on next generation biofuels. In the President's recent speech at **Georgetown University**, he announced that the U.S. would help entrepreneurs break ground on

four next generation biorefineries capable of producing more than 20 million gallons per year using biomass, switchgrass and wood chips. And, to assist in expanding biofuels availability, reform of biofuels incentives will be part of meeting the challenge to process more alternative fuels while saving taxpayer dollars.

The President also called for slashing oil imports by one-third by 2025. To start this movement toward more energy self-sufficiency, the government has been directed to move toward purchasing only alternative fuel vehicles by 2015.

Bob Dinneen, President of the Renewable Fuels Association, stated that the ethanol industry was encouraged by President Obama's recognition of the important role domestic biofuels must play in America's energy future. "When it comes to replacing imported oil, no other energy technology can match ethanol today and new technologies and increased productivity will allow for even greater replacement of petroleum-based fuels in the future," Dinneen said.

Rising Food Prices: Don't Blame Ethanol

By: Bill Northey, Iowa Secretary of Agriculture

Food prices are rising here in the United States and around the world. Searching for scapegoats, many pundits, professors and policymakers are pointing their fingers at the Corn Belt. Ethanol is grabbing ever-increasing shares of the nation's grain production, making food scarcer and costlier. Or so we're told.

Iowa farmers have long suspected that there's hardly a kernel of truth in these attacks. After all, ethanol production increases every year, while food prices fluctuate, suggesting that that there is no cause-and-effect relationship between the two trends. Now our skepticism of the scapegoating is confirmed by credentialed experts: the economists at the **US Department of Agriculture (USDA)**.



Bill Northey
Iowa Secretary of
Agriculture

In its recent report, "**A Revised and Expanded Food Dollar Series: A Better Understanding of Our Food Costs**," **USDA's Economic Research Service** concluded that, out of every dollar that Americans spend on food, only 11.6 cents – little more than a dime -- goes all the way back to the farm.

As for the other 88.4 cents, they're swallowed up by energy costs, labor, transportation, packaging and other factors in the supply chain. For all the "blame ethanol first" frenzy, this assessment of farm products' share of food prices is considerably lower than the USDA's previous estimate that nearly 20 cents of each food dollar made it back to the farm in 2008.

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GM, Coskata Work to Correct Ethanol Misconceptions

With four decades of experience, **Rathin Datta, chief scientific officer for Coskata Inc.** has identified the primary renewable liquid fuel. “There’s no doubt—no technical, thermodynamic or energy or any other doubt—that ethanol is the molecule,” he told EPM.

Datta is one of four authors of a perspective paper recently published in the **Journal of Chemical Technology & Biotechnology**. The paper singles out ethanol as the most efficient and productive use of biomass. Co-authors include **Mark Maher, executive director, powertrain/vehicle integration, General Motors Inc.; Coleman Jones, GM biofuels implementation manager; and Richard Brinker, dean and professor of forestry and wildlife sciences, Auburn University.**



The goal, said **Wes Bolsen, chief marketing officer and vice president of government affairs for Coskata**, is to help people understand ethanol’s potential. “This paper really says, ‘Look, ethanol can be the primary renewable fuel,’” he said. ““This isn’t something that is an accident or something that we created because we had a bunch of corn.”

For more about “Ethanol – the Primary Renewable Liquid Fuel,” click here:
<http://www.growthenergy.org/images/uploads/Ethanol%20-%20The%20Primary%20Renewable%20Liquid%20Fuel.pdf>

Saskatchewan Budgets for Biodiesel Incentive, Standard

Following Canada’s national biodiesel regulation, Saskatchewan has called for a biodiesel producer incentive and standard in its provincial budget.

“With this budget Saskatchewan will tap into the new opportunities of biodiesel, and lay the foundation for a whole new advanced biofuel industry,” said **Gordon Quaiattini, President of the Canadian Renewable Fuels Association.**

This standard will now feature a five-year \$26 million program that will provide a 13 cent-per-litre grant to biodiesel producers effective April 1 2011 and a 2% renewable biodiesel standard.

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You don’t have to take USDA’s word. Back in 2008, the **World Bank** suggested that biofuels really were a major cause of food price increases. But, in July 2010, the World Bank reversed itself, releasing an analysis that found “...the effect of biofuels on food prices has

Not been as large as originally thought. Indeed, the World Bank noted, “... the use of commodities by financial investors may have been partly responsible for the 2007-08 spike.”

Meanwhile, in 2009, the respected and nonpartisan **Congressional Budget Office** observed: “...from April 2007 to April 2008, the rise in the price of corn resulting from expanded production of ethanol contributed between 0.5 and 0.8 percentage points of the 5.1 percent increase in food prices measured by the **Consumer Price Index (CPI)**. Over the same period, certain other factors – for example, higher energy costs – had a greater effect on food prices than did the use of ethanol as a motor fuel.”

If all farm products account for only 11.6 percent of food prices, then what’s corn’s share of the food dollar? In most years, corn accounts for about 15 percent of the total value of all US agricultural food and feed products. And 15 percent of 11.6 percent is ... 1.7 percent. So corn costs about two pennies of every dollar that Americans spend in the checkout lines at our groceries and supermarkets.

If corn prices aren’t to blame, what is? In fact, about 33 cents of every food dollar are spent on energy-intensive factors – transportation, packaging, and food processing. That’s why food price increases tend to follow energy price increases. Commodity speculation is another cause of rising prices, as the World Bank noted in 2010.

In short, while ethanol production may be a convenient scapegoat, it’s an unlikely suspect in the “Who raised food prices?” whodunit. US ethanol production uses only 3 percent of the world’s grain supply, processing corn but not rice or wheat, and returns a third of the corn to the livestock market as distillers’ grains and gluten feed.

When it comes to rising food prices, Iowa’s corn farmers and ethanol producers have no reason to apologize. And they have good reason to be proud of their contributions to our country’s economy and energy security.

For Secretary Northey’s interview on this topic, go to:

<http://www.kmeg.com/Global/story.asp?S=14381337>

Cargill Acquires Fort Dodge Corn Wet Mill Ethanol Plant from Tate & Lyle

Cargill has announced that it has purchased Tate & Lyle's corn wet mill ethanol plant in Fort Dodge, Iowa.

"We believe that a highly efficient, well-located corn wet mill ethanol plant fits well into our bio-product portfolio," said Alan Willits, president of Cargill Corn Milling North America. "We see an opportunity in Fort Dodge to replicate the success we have had at our Blair, Neb., and Eddyville, Iowa, bio-refinery campuses."

The Fort Dodge asset is a corn wet mill ethanol facility. The existing facility has the ability to grind 150,000 bushels of corn per day and produce 115 million gallons of ethanol per year.

"This investment demonstrates Cargill's continued commitment to Iowa agriculture," said Governor Terry Branstad. "The Fort Dodge facility will create over 100 jobs in Webster county and help provide an alternative market for local producers."

Demand for Biodiesel Heating Oil Expands NY Terminal

New Yorkers are utilizing high amounts of biodiesel mixed with heating oil, better known as Bioheat. This has led to the expansion of a renewable fuel providers' capacity at a nearby fuel terminal.

This past winter's record demand for Bioheat has caused Ultra Green Energy Services Inc. (UGES) to expand its operations at the New Hyde Park Fuel Terminal in New Hyde Park, N.Y., by increasing railcar storage capacity by 30 percent. Owned and operated by Hart Petroleum, it is the lone operating rail-to-rack terminal dedicated to biofuels on Long Island.

According to Michael Cooper, director of sales and trading for UGES, the impetus for the rail expansion came as a result of record demand for Bioheat from customers during the most recent winter months.

FACT:

There are 2,725 E85 stations in 1,873 cities from coast to coast.

For a list of Iowa E85 retailers, visit:

http://www.iowarfa.org/ethanol_e85refueling.php

Biodiesel Production and Food Industry Closely Related

There have been countless arguments of food vs. fuel when discussing biodiesel and biofuels. What effect does biodiesel really have on food markets, and how can we respond to the lack of accurate information? Here's the National Biodiesel Board's response to that question.



With rising oil prices as a result of instability in Middle

Eastern oil producing nations, all industries are affected, and the US food supply is no exception. As food is produced, processed and shipped all across the country it relies heavily on petroleum. When petroleum prices rise, renewable energy providers can benefit because the renewable energy becomes more cost competitive with petroleum. This provides an easy but fundamentally incorrect connection for people to link rising food prices with increased biofuels.

The livestock industry, and as a result dairy, meat, and animal products, benefits directly from a healthy biodiesel industry. Crops like soybeans are grown primarily to supply protein meal for livestock feed. A recent study funded by the United States Department of Agriculture showed that the reduction in protein meal prices as a direct result of the biodiesel industry using soybean oil saved the livestock industry \$4.8 billion from 2005-2009. This reduction in feed costs means lower prices for consumers for related food products.

Biodiesel provides multiple benefits to the stability and prices in the US food production industry. Biodiesel is made from a wide variety of renewable feedstocks including soybean oil, recycled cooking oil, animal fats, canola and other vegetable oils. All of these oils are either byproducts or co-products. Creating a market for these undervalued products reduces waste and provides additional revenue for farms and businesses that grow and produce food making them more stable.

The biodiesel industry has a bright future ahead of it and has an important role in energy security, food security and reduced food costs. So in the case of biodiesel it is not food vs. fuel as both benefit.

Link to Study:

http://www.biodiesel.org/resources/reportsdatabase/reports/gen/20110201_gen-424.pdf

Argonne National Lab Signs Agreement with Nalco Co.

The U.S. DOE's Argonne National Laboratory and industrial processing firm Nalco Co. recently signed a licensing agreement for a novel electrodeionization technology that can be used in biorefineries to convert biomass into fuels and chemicals.

Seth Snyder, Argonne biochemical engineer whose group led the development of the technology, commented that the patented separation technique allows for the continuous removal of charged products like organic acids, such as succinic acid or lactic acid, from aqueous streams and eliminates the requirement to continuously add neutralizing agents like lime. This, Snyder said, is a huge improvement over conventional bioprocessing technologies that tend to require significant capital expenditure on energy-intensive steps to recover bioproducts.

“In a traditional process, you do a fermentation route and you do a neutralization step with, say, lime, so you get the salt with the acid and then after fermentation you have to hit it with sulfuric acid to recover the process,” Snyder said. “In our process, we’re actually separating the organic acid as it’s synthesized in the fermentation and it’s separated as the acid across the membranes.”

“What Argonne has done differently with the technology it has licensed to Nalco is that, rather than just cleaning up a water stream, we’ve used it to capture products,” Snyder said.

Higher Oil Prices Offset Higher Biofuel Feedstock Costs

A new study shows that U.S. farmers will see higher incomes in 2011, as a result of rising crop prices. And while that might cause higher feedstock costs for ethanol and biodiesel producers, the report from the **Food and Agricultural Policy Research Institute at the University of Missouri** highlights that higher oil prices should offset those higher prices being paid for the two biggest biofuel feedstocks, corn and soybeans.

“These higher oil prices are allowing biofuel producers to continue to expand production, in spite of the higher costs of corn being used in those plants.”

Westhoff admitted that the higher oil prices can hurt biofuel production, as those increases seem to push up every other cost and create uncertainty into all markets.



New IRFA Future Producer!



DuPont Danisco Cellulosic Ethanol (DDCE)

DDCE delivers end-to-end solutions for producing motor fuel from non-food, renewable plant material. Our exclusive system for making cellulosic ethanol from a range of biomass, including corn stover and energy grasses, involves world-class bioprocessing technology and biofuel production. We offer comprehensive license packages and business creation expertise to build financial and environmental value for our customers and collaborators.

DDCE, which was founded in 2008, has business headquarters in Itasca, IL, and a demonstration production facility in Vonore, TN. DDCE also has a large R&D team located at its member company locations in Palo Alto, CA, and Wilmington, DE.

DDCE provides:

- Dedication to biofuels innovation, state-of-the-art engineering, and biorefinery design
- Best practices in business value creation and biofuel production
- Strategic collaboration across the fuel value chain – from raw material to end user
- Global leadership in manufacturing performance and environmental sustainability

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