

Opinion Editorial – November 28, 2011
“Revise and Modernize the State Renewable Fuels Standard”

A bill to repeal Florida’s Renewable Fuel Standard (“RFS”), which requires that all state gasoline contain 10% ethanol (commonly known as “E10”), has been introduced into the state legislature by Representative Matt Gaetz and Senator Greg Evers. Rather than take a short-sighted approach and kill the state E10 mandate, the legislature should revise and “modernize” the existing state RFS to be consistent with the current U.S. biofuel industry, and provide Florida a competitive advantage over other states ramping up biofuel production. Unfortunately, Rep. Gaetz and Sen. Evers have rampantly propagated myths and misinformation about conventional ethanol that misleads the public, and have perpetuated a cherry – picked, negatively – biased understanding of fuel ethanol in general, which could not have been any better scripted by Big Oil. Their attempt to emulate a Rick Perry – like 100% fossil fuel energy plan only serves to set Florida back to a 100% fossil fuel economy and remain fully – dependent on imported gasoline, which is completely irresponsible leadership. I ask the question: Where do you want your fuel dollars to go to? The American farmer, or to countries that are aggressively hostile to us? The answer to me is a no – brainer. I will choose the American farmer any day.

Virtually every gallon of gasoline in the U.S. contains 10% ethanol, mostly made from corn. The corn ethanol industry has set a tremendous foundation for the ongoing transition to Advanced Biofuels, which include next generation ethanol from non-food based feedstocks, as well as “Drop-In Biofuels” such as biobutanol, isobutanol, renewable gasoline, and renewable diesel fuels – all made from renewable feedstocks. In the future, we will see many corn ethanol plants retrofit and converted to the production of biobutanol and isobutanol, both of which have greater properties for blending with gasoline than ethanol. Currently within Florida, there are several commercial Advanced Biofuel ethanol projects in development that encompass a total investment well in excess of \$1 billion in capital, which include companies such as INEOS – New Planet BioEnergy, Highlands EnviroFuels, LLC, Vercipia Biofuels, Algenol, and Southeast Renewable Fuels, LLC. These commercial ethanol plants will create thousands of new jobs and economic stimulus. A recent economic impact study by John Urbanchuk demonstrated that the Highlands EnviroFuels 30 million gallon per year ethanol plant using biofuel cane and sweet sorghum will generate 65 direct jobs, 760 indirect and induced jobs, \$44 million in annual household income, and \$51 million in annual GDP, not to mention hundreds of construction jobs, and the opportunity to keep Florida farms in operation. Killing the state RFS sends a horrendously wrong signal to the investment community and stymies investment in additional Advanced Biofuel ethanol projects that would spring Florida to the leadership position in the country for Advanced Biofuels. It’s a well – known fact that mandates stimulate investment by the financial community.

Rather than kill the state RFS, here is a plan to revise and modernize the state RFS:

1. Create a carve-out for the boating industry so that gasoline that contains no blended ethanol is readily available and competitively priced to boaters.

2. Expand the RFS mandate to include all Advanced Biofuels, including biodiesel, biobutanol, renewable gasoline and diesel, and all forms of ethanol made from non-corn feedstocks, such that the 10% volume can be met by all biofuels.
3. Create an incentive whereby all blenders must preferentially purchase ethanol and Advanced Biofuels produced within the state, if supply is available and fairly priced, over ethanol imported to the state.
4. Allow for higher retail blends of ethanol such as E15, E20, E30, and E85 to give the consumer greater choices. Case in point: In Brazil, all gasoline contains 25% ethanol, and nearly all cars run on E25 or E100 (100% hydrous ethanol).

Granted corn ethanol may not be the “perfect fuel”, so the Federal government has put a cap on corn ethanol production beyond what is required for E10. However, many peer-reviewed studies, including those by USDA, National Argonne Laboratory, Michigan State University, Colorado School of Mines, to name a just a few, have demonstrated that corn ethanol has a positive energy balance of as much as 2.3 units of energy produced for every 1 unit of energy needed. Unfortunately, Rep. Gaetz has chosen to focus on the only study which shows a negative energy balance for corn ethanol, but which uses obsolete and archaic farming and engineering data by an author who is a university entomologist. Yes, there are issues with ethanol and the boating industry, but every boating state in the U.S. has successfully adapted to ethanol, including Minnesota, the state of 10,000 lakes, which has had an E10 mandate for nearly two decades. And we should not unfairly blame ethanol for driving up corn prices, since there are other greater drivers including the increased foreign demand for corn and all grains, the price of oil and fuel, and the price of fertilizers. Furthermore, by the end of 2011, the only “subsidy” for ethanol, the blender’s tax credit (which by the way goes to the petroleum companies) will expire. So going forward, ethanol will no longer receive any government subsidies.

And yet ethanol critics like Rep. Gaetz and Sen. Evers claim ethanol damages engines. Seriously?!! Then why do all auto manufacturers warranty their vehicles to run on E10, and why have the EPA and auto companies not been rampantly sued for ethanol causing engine failure? Ethanol is a high octane fuel, and is an official fuel of Indy League Racing, NASCAR, and the National Boat Racing Association. Gasoline refiners and marketers in Florida have made investments in the infrastructure to offer increasing ethanol blends, including the ethanol pipeline that runs from Tampa to Orlando. Furthermore, the U.S. military has set of goal of obtaining 50% of their energy needs from non-fossil fuels by 2020. The Navy, Army, Air Force, and Marines are all making an aggressive transition to biofuels. I wonder what the military knows about our ability to procure petroleum from around the globe that the average U.S. citizen does not know.

In conclusion, a legislative vote to repeal the state RFS makes no logic, sends the wrong signal to the rest of our country regarding national energy security, and is irresponsible leadership in terms of state energy security, rural economic stimulus, massive job creation, clean burning fuel, and environmental benefits. Instead of believing the narrow – minded, and grossly – erroneous views on ethanol by Rep. Gaetz and Sen. Evers, our state leaders should enthusiastically embrace how to ensure that the investments made in Florida’s next generation ethanol and Advanced Biofuel production come to fruition.

The production and use of 13 billion gallons of ethanol in the U.S. last year created more than 400,000 jobs across the U.S. economy, added nearly \$54 billion to our national GDP, reduced greenhouse gas emissions equivalent to removing 3.5 million vehicles from the roads, displaced the gasoline refined from 445 million barrels of imported oil, and supplied nearly 35 million metric tons of livestock feed. I ask the question again: Where do you want your fuel dollars to go to? The American farmer, or to countries that are aggressively hostile to us?

Bradley Krohn, Ph.D.
President, United States EnviroFuels, LLC
Manager, Highlands EnviroFuels, LLC