

Ethanol: The True Story

I am an American businessman. I balance risks with reward, seek capital and judge the markets. I am constantly reviewing and assessing information with a critical eye – and I continue to be absolutely amazed at how decision-makers and information gatekeepers continue to be misled, or mislead others, in regard to domestic ethanol.

I write this piece with hope that I can clarify many of the myths, mistakes and simple lies about ethanol.

The United States is at a cross roads with our energy and national security policies. Yet we refuse to consider that we have options other than clinging to a policy that welds our future to oil. That is living in the past. Ethanol can be the future – a solution to both an energy crisis and our national security vulnerability. And it is available today; ethanol is not a “someday” fuel.

Virtually every hour of every day, talking heads fill cable TV with talk of the latest threat from terrorism or China’s ever-growing demand for fossil fuel. Crude oil prices are at levels that, prior to the \$147 per barrel spike of 2008, would normally cause agitation and economic heartache. Instead we’ve come to accept the \$70-\$80 barrel as normal; the cartels have reset the acceptable price point.

The newest twin stories are more linked than one would think. First, the Gulf Coast is threatened by an epic environmental disaster from a leaking well that is 5,000-feet below the water’s surface. We are drilling that deep because that’s where the oil is; oil is getting more expensive, and riskier, to extract. The other big story is the failed attempt to car-bomb Times Square. If the Taliban-trained suspect had succeeded, who knows how many families would be mourning losses.

When will we as a nation finally have the will to just say no to being dependant upon our enemies to fuel the American economy? When will we stop being dependent on oil, when it not only endangers the environment but also drains money out of this nation and sends it overseas at a rate as high as a \$1 billion a day?

A commercially-viable, American-made alternative exists in ethanol. Ethanol is used widely in our domestic fuel supply today. Frankly, all that is holding back ethanol from having a much larger role in our nation’s energy debate is political will – and free access to a transportation fuels market that is completely controlled by the oil industry.

The modern ethanol business holds great opportunity for the nation: job growth, stronger national security, a renewable fuel that is 59 percent cleaner than conventional gasoline. These are facts that are unassailable. Yet opponents of ethanol, which include fringe environmental groups willing to “greenwash” attacks on ethanol at the behest of big oil, are willing to say anything to stop ethanol’s growth. Ethanol has been blamed from everything from world starvation to global warming.

Let’s go through some of the most common untruths.

First, the production of ethanol from grain does not compete in the food chain. The corn used to produce ethanol is feed corn. The vast majority of corn grown in the world is fed to livestock – not humans. When ethanol is produced, only the starch from the grain is used, leaving behind the fiber, oils and proteins in a co-product that is highly-desirable livestock feed. In truth, ethanol is food and fuel.

Second, ethanol is not the cause fuel mileage loss at higher blends, such as E85 (the mix of 85 percent ethanol and 15 percent gasoline, used only in Flex Fuel Vehicles). Actually, ethanol is the victim. Most of us look at the different fuels offered at the pump and realize the fuel with the higher octane rating is a better fuel. However, many choose the lower octane fuel due to the fact it costs less per gallon. The little known fact is that the octane rating for pure ethanol is 110, much higher than that of premium gasoline. The mileage drop is due to the low compression of the engine. In truth, ethanol's potential as a fuel – which America's first auto pioneer, Henry Ford, recognized – is held back because today's engines are designed to burn an inferior fuel in gasoline. Global automotive engineering leader Ricardo Systems LLC has debuted a cutting-edge Ethanol Boost Direct Injection engine that costs less to produce, weighs less, gets better fuel mileage, the power of diesel – all on blends up to 85 percent ethanol.

Third, ethanol is not the cause for higher food prices. Over the past two years we have heard a constant chorus of how the ethanol industry is running the world out of corn. Facts show otherwise. USDA statistics for the past three years show an increase in both ethanol production each year as well as increasing amounts of corn left at the end of each crop cycle – a running surplus that continues to reach records year after year.

Finally, production of corn for ethanol in the US has not caused an increase in deforestation in the Amazon. The facts actually show the rate of deforestation reduced by 50% over the same time period that ethanol production in the US has more than doubled. The real truth is that we continue to lose farm ground in this country to urban sprawl. We continue to pave over fields with concrete and asphalt to put up shopping malls and new sub-divisions. What is the Indirect Land Use Effect of a new Wal-Mart?

I often hear that we haven't built any new refineries in the United States in decades. Actually, we have built more than a hundred. They are called ethanol plants. The income generated stays in our own economy, often in America's heartland, instead of financing terrorists.

The two largest debates in the media today are the oil spill in the Gulf and the attempted bombing of Times Square. If our nation could break oil's hold over our economy, would we be discussing either?

Sincerely,

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