



Press Release

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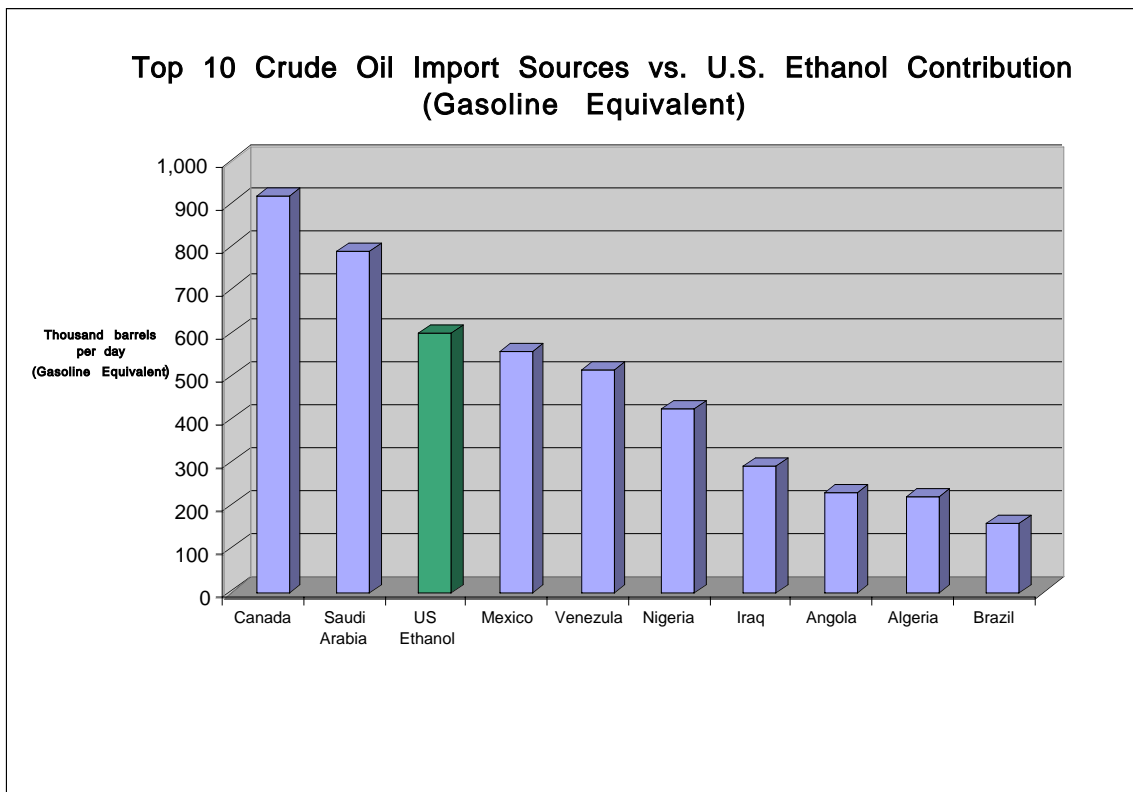
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U.S. Ethanol Production Third Largest Contributor to Nation's Gasoline Supply Right Behind Saudi Arabia; Saves Consumers \$75 Billion This Year

Washington D.C. August 8, 2008 -- The *Ethanol Across America* education campaign released part of an internal study today that places the U.S. fuel ethanol industry as the third largest contributor to the U.S. gasoline supply – surpassing Iraq and several other OPEC countries. Today, the U.S. produces over 600,000 barrels per day of ethanol. Ethanol is a finished high octane blending component that goes directly into the gasoline to extend the nation's transportation fuel supplies (see chart on Page 3).

In addition, ethanol is also used by refiners to meet the national renewable fuel standard (RFS). The Energy Policy Act of 2005 established the national RFS program. The RFS was increased and expanded in the Energy Independence and Security Act, which was signed into law in December 2007. Last week the U.S. Environmental Protection Agency (EPA) upheld the nation's renewable fuel standard by denying a request by Texas Governor Rick Perry to have his state be granted a waiver from the requirement.



Source: U.S. Energy Information Administration, July 28, 2008.

What is gasoline equivalent? According to the U.S. Energy Information Administration (EIA), the average gasoline yield from crude oil is about 47%, or 19.6 gallons of gasoline are produced from a 42 gallon barrel of [imported] oil. Industry analysts agree that ethanol is at least a 1 to 1 displacement for gasoline, as ethanol is already a refined high octane, and low sulfur gasoline blending component. With that in mind and to simplify, the report estimates a 50% yield of gasoline from a barrel of imported crude oil with the slight difference going to offset the lower BTU

content of ethanol.

The report illustrates how U.S. ethanol production has reached “a point of real significance” in directly contributing to the nation’s economic, environmental, and energy security. Using data from EIA on the top imported crude oil suppliers, the report illustrates how the production from the national ethanol program (9 billion gallons per year) ranks third, behind only Canada and Saudi Arabia, on a gasoline equivalent basis. Among other crude oil suppliers, it is noteworthy that U.S. ethanol production is approximately double that the U.S. receives from Iraq or Venezuela.

The *Ethanol Across America* report comes on the heels of the August 7, 2008 decision by the EPA to reject Texas Governor Rick Perry’s request to reduce this year’s RFS target of 9 billion gallons by 50% (www.epa.gov/otag/renewablefuels). Douglas A. Durante, Director of the *Ethanol Across America* education campaign asked, “Why did the EPA and the Bush Administration reject a request from a Republican Governor with a letter of support signed by 26 U.S. Senators? It is because they recognize the U.S. biofuels program is one of the few success stories in the fight to end dependence upon imported oil, and it is here today! Ethanol is reducing crude oil imports by 600,000 barrels per day, reducing thousands of tons of greenhouse gas and air toxic emissions, and most importantly, ethanol will save U.S. consumers \$75 billion dollars on their gasoline bill this year. The two top issues facing consumers is the cost of energy and its impact on the economy. America finally got a shot of morphine for its oil addiction,” said Durante.

The report highlights the fact that a barrel of crude oil (42 gallons to a barrel) yields less than 50% gasoline during the refining process. Therefore, additional ethanol supplies to the gasoline pool have the effect of making up that supply loss and significantly reducing gasoline prices. The report notes that ethanol provides much needed relief to a constrained market with limited suppliers. “The U.S. ethanol industry is like a substantial Strategic Petroleum Reserve that keeps giving every day,” said Durante. “The good news is that it is not only here, but it is growing, and creating quality jobs and expanding our economy in the process.”

Merrill Lynch, the Council of Economic Advisers, the Consumers Federation of America, and some academia think tanks have concluded that additional ethanol supplies are saving the motoring public money – worldwide. Merrill Lynch estimates the savings attributed to ethanol to be about 15% of crude oil or gasoline prices. In the case of gasoline, this is worth about 50 cents per gallon. That is saving U.S. motorists approximately \$75 billion in reduced gasoline prices – this year alone. Worldwide, the crude oil savings equals over \$600 billion.

“The U.S. government provides a tax incentive for renewable transportation fuels of about 50 cents per gallon. Industry responded and produced 9 billion gallons of ethanol. Now the public saves 50 cents per gallon on all of the 150 billion gallons of gasoline they buy. That return on investment for the taxpayer exceeds 1,000%.” said Todd Sneller, Administrator of the Nebraska Ethanol Board and Chairman of the Clean Fuels Development Coalition. The report concludes that as long as the EPA and policymakers resist attempts by special interests to dismantle the RFS, ethanol’s gasoline supply extension contributions will exceed that of Saudi Arabia by the end of next year or early 2010. As a result of EPA’s recent decision to uphold the RFS, the total volume of renewable fuels, such as ethanol and biodiesel, required by law to be blended into the fuel supply will remain at 9 billion gallons for 2008 and increase to 11.1 billion gallons in 2009.

“After reviewing the facts, it was clear this request [for a waiver to the RFS] did not meet the criteria in the law,” said EPA Administrator Stephen L. Johnson. “The RFS remains an important tool in our ongoing efforts to reduce America’s greenhouse gas emissions and lessen our dependence on foreign oil, in aggressive yet practical ways.”

Current law authorizes EPA to waive the national RFS if the agency determines that the required biofuel volumes would cause “severe harm” to the economy or the environment. EPA conducted detailed analysis, consulted closely with the Departments of Energy and Agriculture, and carefully considered more than 15,000 public comments before denying the Texas Governor’s request. “This is the first RFS-related waiver request EPA has had to consider, but we doubt it is the last. This is a battle for control of the _ trillion dollar U.S. motor fuel market. The sooner consumers, the media, and voters understand how competition, capitalism and investing in ethanol are good for them, the better off our economy will be,” added Durante. “Can you imagine the public reaction if it was announced that we had lost Venezuela or Mexico as a fuel supplier? Eliminating the ethanol program or RFS would have the same impact and we want the public to understand the important role ethanol plays in fuel supplies and prices.”

Top 10 Sources of Imported Crude Oil Supplies for the United States

Country	Thousand Barrels per day of Crude Oil	% of top 10	Country	Thousand Barrels per day of Gasoline Equivalence	% of top 10
Canada	1,840	20.86%	Canada	920	19.53%
Saudi Arabia	1,579	17.90%	Saudi Arabia	790	16.76%
Mexico	1116	12.65%	U.S. Ethanol	600	12.74%
Venezuela	1030	11.68%	Mexico	558	11.84%
Nigeria	851	9.65%	Venezuela	515	10.93%
U.S. Ethanol	600	6.80%	Nigeria	426	9.03%
Iraq	583	6.61%	Iraq	292	6.19%
Angola	464	5.26%	Angola	232	4.92%
Algeria	440	4.99%	Algeria	220	4.67%
Brazil	318	3.61%	Brazil	159	3.38%
	8,821	100.00%		4,711	99.99%

Ethanol Across America is a non-profit, non-partisan education campaign of the Clean Fuels Foundation and is sponsored by industry, government, and private interests. For more information, log on to www.ethanolcrossamerica.net

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