



**Today's U.S. Ethanol Industry**  
***Fueling the Future***



# U.S. Ethanol Industry Today

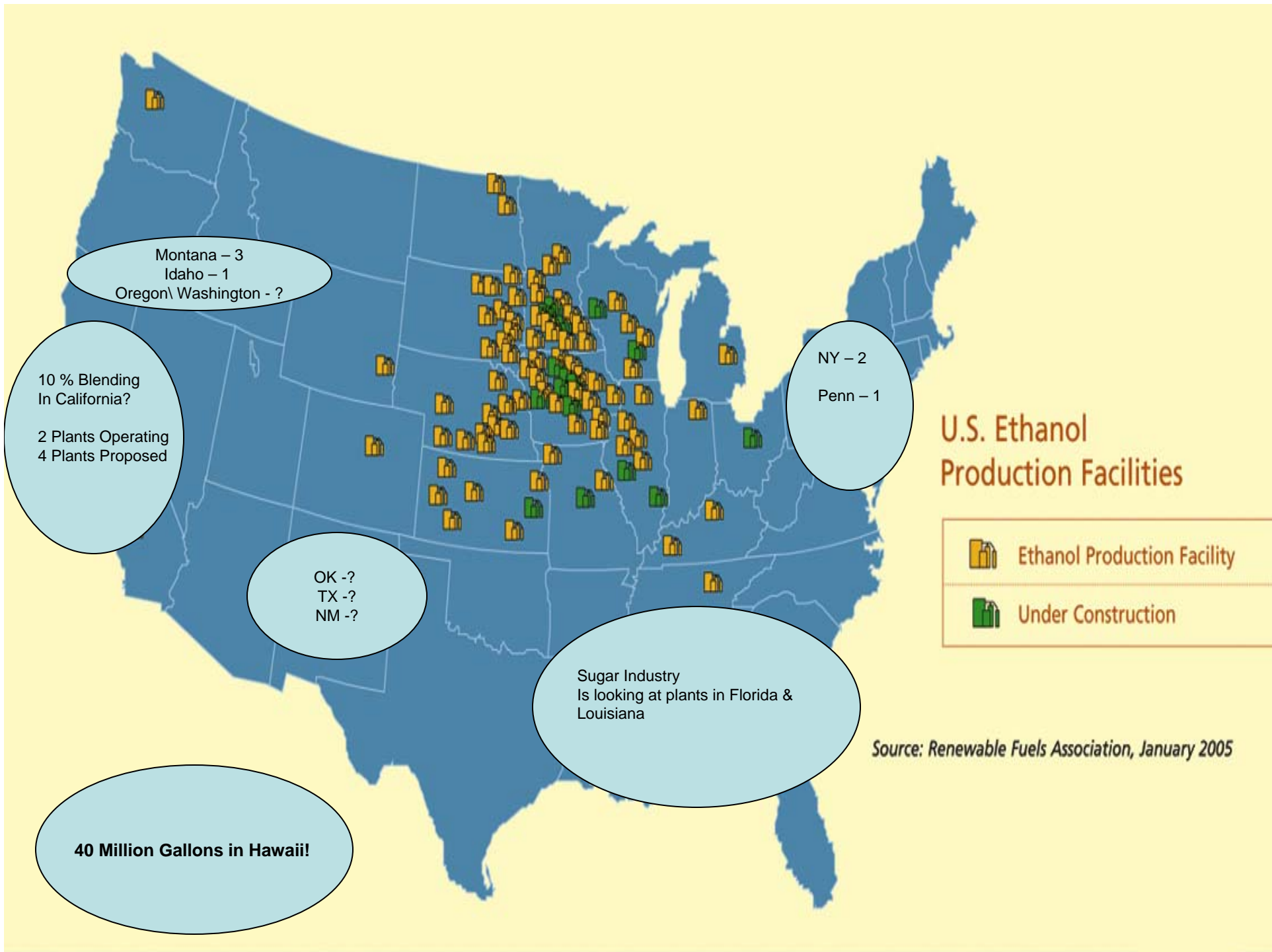
- 2005 production will exceed 4.0 billion gallons
- Annual production record in 2004 of 3.4 bgy
- 94 plants in 20 states with 4.2 bgy capacity today *(Nov. 2005)*
- 29 Plants under construction, combined w/ expansions, will add an additional 1.5 billion gallons totaling 5.7 billion gallons *(Nov. 2005)*
- Dozens of additional plants in various stages of development

# Farmers Leading the Fight for Energy Independence

- Rural Revitalization!
- 50% of the 94 current ethanol plants are owned by farmers (*Nov. 2005*)
- Majority of ethanol plants under development are farmer-driven projects

RFA





# What Is Leading Industry Growth?

- MTBE Replacement Markets
- World Oil Prices
- Lack of Refinery Capacity
- Rural economic development agenda
- Energy and homeland security agenda
- Environmentally-friendly profile

# Future Ethanol Outlook

- **Domenici-Barton Energy Policy Act of 2005**
  - Renewable Fuels Standard (RFS)
    - Ethanol
    - Biodiesel
  - Extension of the Biodiesel Tax Incentive
  - Small Ethanol Producer Tax Credit
  - Small Biodiesel Producer Tax Credit
  - E-85 and B-20 Infrastructure Tax Credit

# Renewable Fuels Standard (RFS)

## RFS (bggy)

4.0 in 2006

4.7 in 2007

5.4 in 2008

6.1 in 2009

6.8 in 2010

7.4 in 2011

7.5 in 2012

**41.9 = Total**

## 2013+

- Proportional to renewable fuels/gasoline ratio
- Includes 250 mggy cellulose ethanol requirement

# Renewable Fuels Standard (RFS)

## ***“Revitalization of Rural America”***

### **What is the Impact?**

- 41.9 billion gallons of new renewable fuels
- 70 new bio-fuels refineries
- \$70 billion of *new* sales of renewable fuels
- \$40 billion of *new* sales of feed co-products
- \$6 billion of *new* construction
- Renewables will become 4.7% of the national fuel supply (today 2.7%).



## Benefits of a 7.5 BG RFS by 2012 – Energy/Economy

- Improves energy security by reducing crude oil imports by 2.125 billion barrels through 2012.
- Grows the U.S. economy by reducing the outflow of \$ by \$64.1 billion through 2012.
- Boosts employment by creating as many as 234,840 new jobs throughout the U.S. economy.

## Benefits of an 7.5 BGY RFS – Rural/Ag

- Enhances rural economic develop by generating more than \$6 billion in new investment opportunities.
- Saves taxpayer money by reducing direct government payments to farmers
- Preserves family farms by increasing corn prices above baseline projections.

## Benefits of an 7.5 BG RFS- Consumers/Enviro

- Adds nearly \$200 billion to GDP by 2012.
- Generates an additional \$43 billion of household income for all Americans by 2012.
- Reduces greenhouse gas emissions: in 2004, use of ethanol reduced GHG emissions by 7.03 mil tons (equivalent to removing 1.04 mil cars from the road); reductions benefits increase as RFS grows to 7.5 billion gallons in 2012.

# Global Issues

- Worldwide Development of Renewables
- Today = 9.5 billion gallons
- 2010 projected to 17-20 billion gallons
  - United States & Brazil
  - Australia
  - Japan
  - China
  - India
  - Canada
  - European Union
  - Central America

# Ethanol Use Will Continue to Grow

- Despite question marks, for the foreseeable future, growing demand for ethanol appears to be a question of “how much” and “how fast” – not a question of “if.”
- Absolute growth is NOT a license to build any ethanol plant, anywhere.
  - Competitive Marketplace for site location
  - Low cost/efficient providers will prosper



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