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 \( (\text{Nov. 2005}) \)
- 29 Plants under construction, combined w/ expansions, will add an additional 1.5 billion gallons totaling 5.7 billion gallons \( (\text{Nov. 2005}) \)
- 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
Montana – 3
Idaho – 1
Oregon, Washington - ?

Sugar Industry
Is looking at plants in Florida & Louisiana

Hen – 2
Penn – 1

10% Blending
In California?
2 Plants Operating
4 Plants Proposed

OK - ?
TX - ?
NM - ?

40 Million Gallons in Hawaii!

Source: Renewable Fuels Association, January 2005
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 (bgy)**
- 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 mgy 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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