

# Iowa's Ethanol/E85 Talking Points

September 21, 2009

## **Iowa leads in corn production**

- Iowa produced 2.2 bbu of corn in 2008, average yield 171 bu/acre. Iowa produced 2.4 bbu of corn in 2007, average yield 175 bu/acre
- In 2008, 442 mbu of corn were fed in-state.
- In 07/08, Iowans used an estimated 1,066 thousand metric tons of DDG to feed livestock. DDG use expected to increase to 1,696 KMT in 08/09. (Assumes 30% ration for ruminants @1.2 feed value of corn; 15% ration for hogs @ at 1.0; and 5% ration for poultry @.5)
- The US produced 12.1 billion bushels of corn and has a current ethanol capacity of 12.6 billion gallons of ethanol.

## **Ethanol—Iowa's the leader!**

- Iowa's ethanol industry can produce more than 3.27 billion gallons annually, using over 1 billion bushels of corn.
- Iowa has:
  - 4 wet mills = 445 million gallons
  - 35 dry mills = 2.5 billion gallons
  - TOTAL: 39 Iowa Ethanol Plants
  - 1 under construction/expansions = 275 million gallons
- Combined production & construction/planning capacity = 3.8 billion gallons, using 1.4 bbu (over 50% of the 2007 crop).

## **Ethanol: using home-grown fuel in Iowa:**

- Iowans bought over 2 billion gallons of ethanol blends in 2008 (2,141,192,192 gallons ethanol blends; 7,667,923 gallons—E85).
- Ethanol's market share now = 78% of Iowa fuel
- Iowa E85 sales set monthly sales records this year.
  - 117 E85 pumps in Iowa now (55 in 2006).
  - 1 out of every 10 vehicles purchased in 2007 was a FFV
  - Iowa has nearly 100,000 FFV's on the roads

## **Food & Fuel – Corn Growers Can Do BOTH**

- A study released by Merrill Lynch states that blending ethanol with gasoline gives you a 45 cent savings at the pump
- Kernels of Truth
  - 11 cents of corn can be found in your cereal
  - 28 cents of worth of corn can be found a dozen eggs
  - There's only 13 cents of corn in a gallon of milk
  - There are 18 cents of corn in a ¼ pound hamburger
  - 31 cents of corn can be found in an Iowa pork chop
  - Soda contains just 3.5 cents of corn in a liter

## **Contributors to food costs**

- Labor = 38¢ of each dollar consumers spend on food
- Packaging, transportation, energy, advertising, profits = 24¢
- All food inputs = just 19¢

### **Ethanol: Good for the environment**

- By using E85, an FFV driver reduced CO<sub>2</sub> emissions to the atmosphere by 4 tons.
- E85 use reduces ozone-forming pollution by 20%
- E85 reduced fuel life-cycle greenhouse gas emissions nearly 30%
- E85's lower pressure can help reduce evaporative emissions.
- Gasoline contains toxic compounds like benzene, toluene, and xylene. E85 use reduces the release of these chemicals into the environment.

### Water use comparisons:

- It takes less water to produce a gallon of ethanol than a gallon of oil (3 gallons water to 1 gallon ethanol vs. 9 gallons water to 1 gallon of gasoline).
- A typical 40 million gallon ethanol plant uses about the same water per day as a standard 18 hole golf course.
- The U.S. ethanol industry needs 49 million gallons of water per day (based on 6 billion gallons of production) – less than  $\frac{3}{10}$  of 1% of U.S. daily industrial water use.
- It takes 300 million gallons of water to produce a single day's supply of U.S. newsprint.

### **Ethanol: Good for energy independence**

- Using home-grown ethanol reduces U.S. oil imports by 128,000 barrels each day.
- Each barrel of ethanol we produce displaces 1.2 barrels of petroleum.

### **Ethanol: Good for Iowa's economy**

- Iowa's ethanol industry has resulted in more than 80,000 new jobs in Iowa, benefiting all employment sectors and especially benefiting rural communities.
- Ethanol production puts \$2.8 billion into Iowa consumers' pockets each year.

### **Ethanol: Good for your engine, good for your pocket book!**

- A vehicle using regular unleaded gets about 20 miles per gallon of gas; extending the same amount of gas by blending it with E85, a flexible fuel vehicle can travel more than 100 miles.
- IndyCar drivers burn 100% ethanol in their engines traveling 220 miles per hour and can't say enough good about ethanol as a performance fuel.
- 60 cents of every dollar spent purchasing E85 stays in Iowa
- Ethanol blended gas saves the average family \$1,000/year

### **If you've heard it once you've heard it 10 times:**

Ethanol is energy-efficient – when corn is processed into ethanol, there is a net energy gain of 67%. In other words, ethanol contains 67% **more** energy than it takes to produce!

### **Iowa Corn Markets = 2.2 billion bushels**

39% - 834 mbu = Ethanol

21% - 442 mbu = Livestock sector (includes distillers grains, corn gluten)

23% - 484 mbu = exported to other states or countries

17% - 365 mbu = corn oil, sweeteners and starches

### **U.S. Corn Markets = 12.1 billion bushels**

55% - 5.4 bbu – livestock

17% - 3.7 bbu – ethanol

19% - 1.7 bbu – exports

5% - 1 bbu – starch, corn oil, sweeteners

3% - 20 mbu – flour, grits, meal, beverage alcohol