

Ethanol Fuel Timely during Holiday Gas Price Spike

Travel this holiday season will be a little easier on the pocketbook thanks to fuel blended with American-made ethanol.

"Most people don't think about the importance of ethanol when they are filling up," according to Kansas Corn Commissioner Dennis McNinch from Utica. "Our ethanol plants in Kansas and other states are producing locally made fuel that saves motorists money and allows us to import less oil from other countries."

McNinch also serves on the National Corn Growers Association Ethanol Committee.

Citing a report on ethanol and gas prices released in May, the Renewable Fuels Association has outlined several causes for an increase in gas prices. Economists found that using ethanol reduced gasoline prices by a national average of \$1.09 per gallon in 2011, which means the average American household spent nearly \$1,000 less on gasoline than would have been the case without ethanol.

Since much of the movement in gas prices is caused by forces outside the U.S., RFA said ethanol clearly helps reduce our country's dependence on foreign oil. Between 2000 and 2011, the percentage of fuel derived from U.S. ethanol rose nine percent. At the same time U.S. crude oil as a fuel source decreased three percent and the use of foreign oil decreased six percent. Ethanol helped reduce our nation's dependence on foreign oil by 45-percent in 2011 and supports more than 400,000 jobs across the country.

Since the Renewable Fuel Standard (RFS) was enacted in 2005, America's oil demand has decreased and national oil import dependence has fallen from 60% to 45%. Meanwhile, ethanol has grown to be 10-percent of the nation's current gasoline supply. As the world's largest oil consumer, extending the U.S. oil supply with renewable fuels keep oil prices in check.

"Two-thirds of the oil savings of ethanol use come from foreign oil," McNinch said. "Nationally, we make enough ethanol annually to display the need for well over 400 million barrels of foreign oil annually. That's keeping money and jobs in our domestic economy."

Ethanol also is cheaper than gasoline at the wholesale level. A gallon of ethanol sells for nearly \$1 per gallon less than a gallon of gasoline. That means a gallon of E10 is \$0.10 cheaper than a gallon of conventional gasoline with no ethanol.

The U.S. Energy Information Agency estimates the average retail cost of gasoline to be \$3.72 per gallon in 2013. Some areas of the country could see gas priced at well over \$4 per gallon into the foreseeable future.

"Some suggest this is a time to move away from ethanol, but that is shortsighted. Instead, we should acknowledge ethanol for its value as a vital part of our national energy supply," McNinch said. "At the same time, American-made ethanol is providing good jobs and economic growth especially in rural communities across the Midwest."

