

# Economic Importance of the Renewable Fuels Industry: Today and Tomorrow

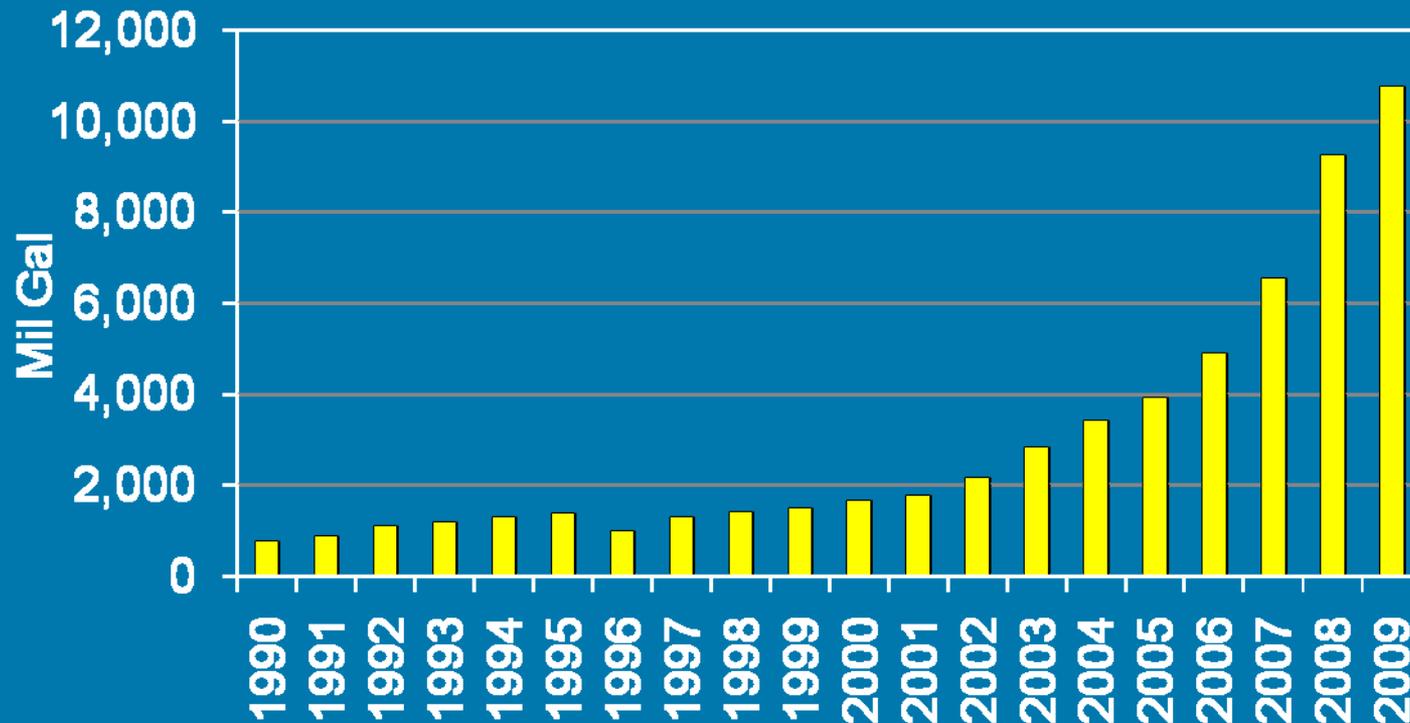
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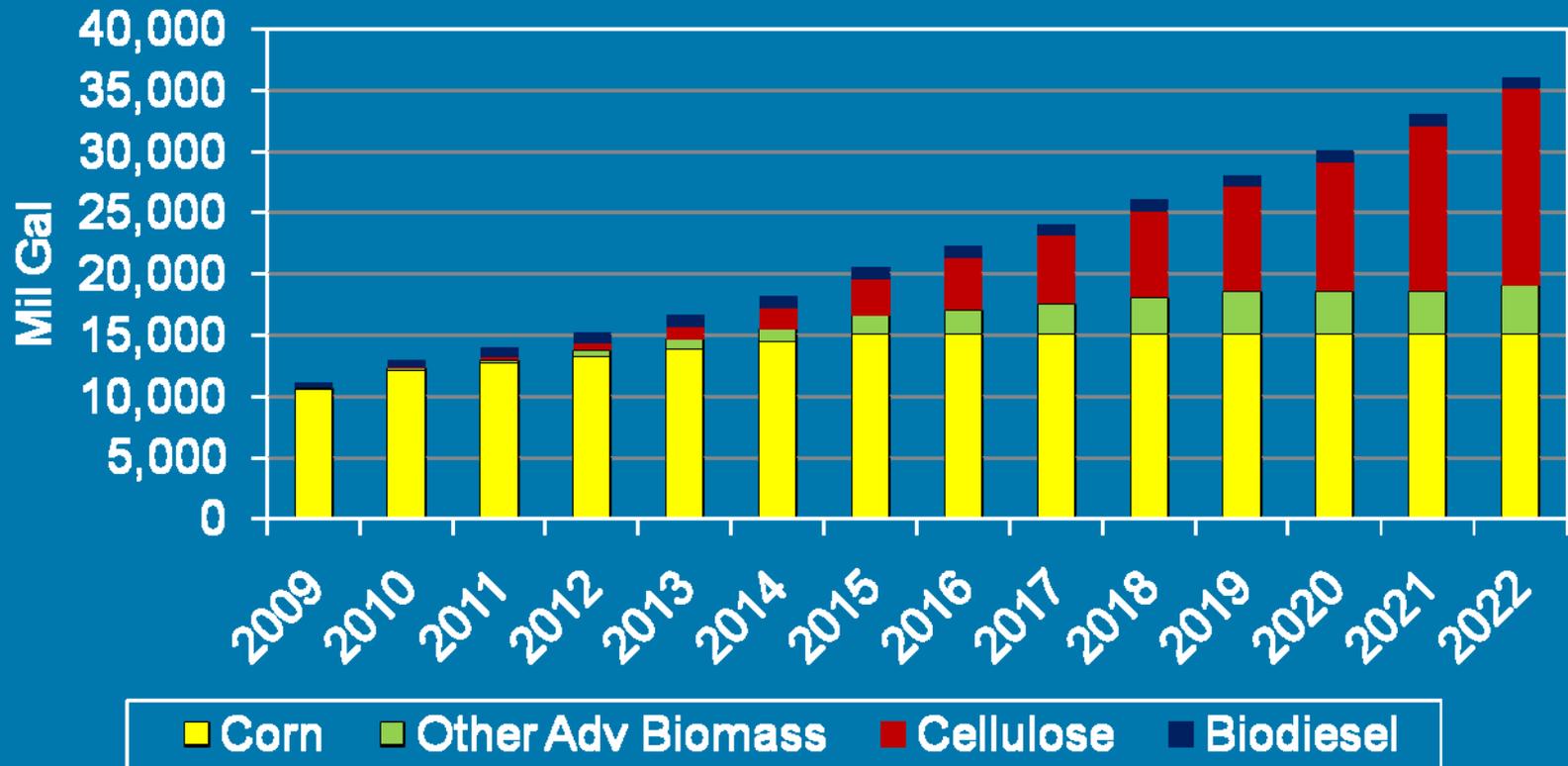
# We've come a long way in 20 years

## U.S. Ethanol Production



# We have a long way to go ...

## Renewable Fuel Standard



# Ethanol industry shined brightly in 2009

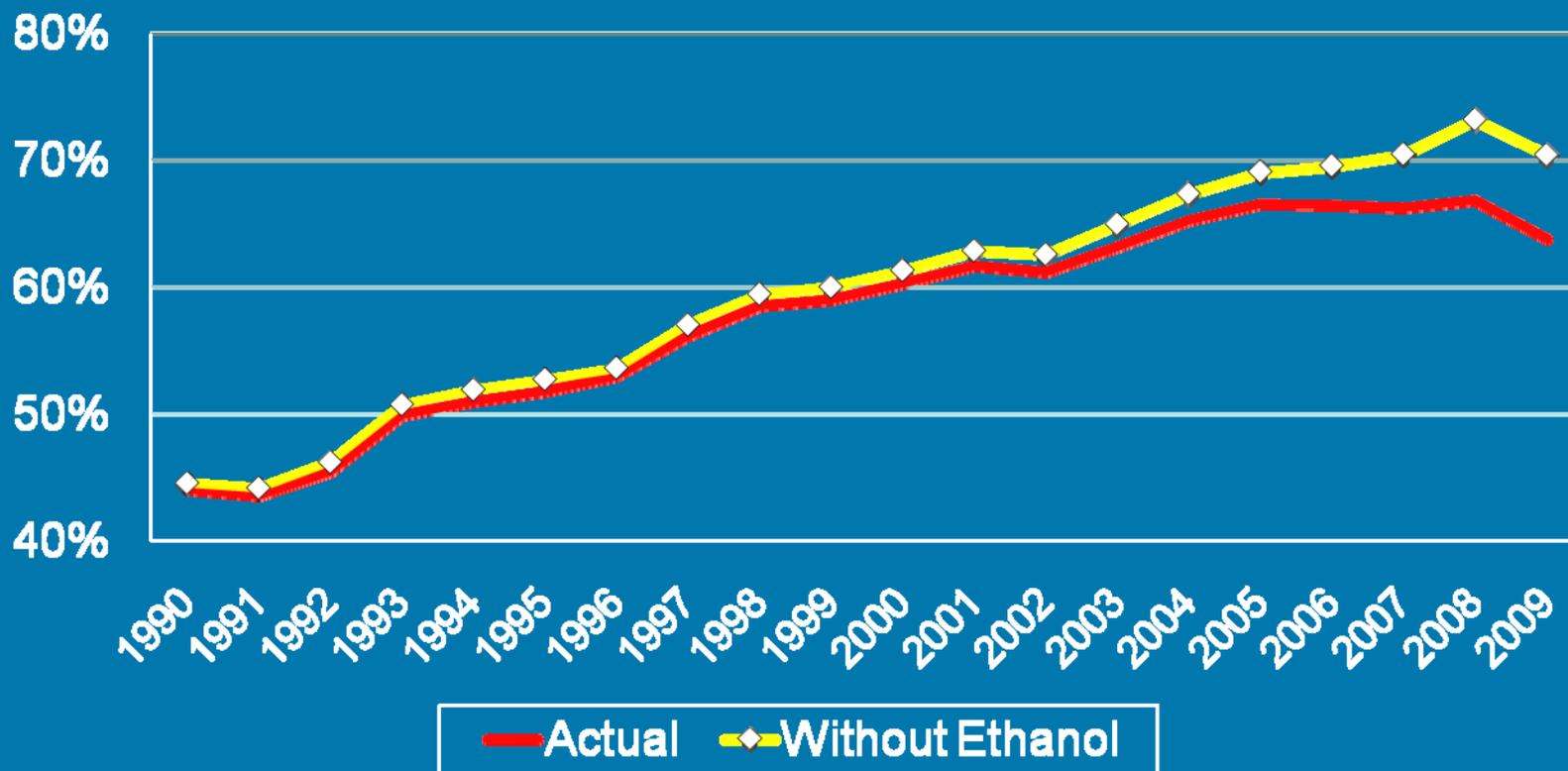
- \$16 billion was spent on raw materials, other inputs, goods and services in 2009
- An additional \$1.7 billion was spent to transport grain, other inputs, ethanol and DDG
- Nearly 3.8 billion bushels of corn were used, valued at \$13.3 billion

# Ethanol Industry Helped a Struggling Economy

- Full impact of spending added \$53.3 billion to the nation's GDP
  - 3% of value added by entire manufacturing sector
- Supported nearly 400,000 jobs throughout entire economy.
- Put \$16 billion into the pockets of American households
- Rural economies benefit the most

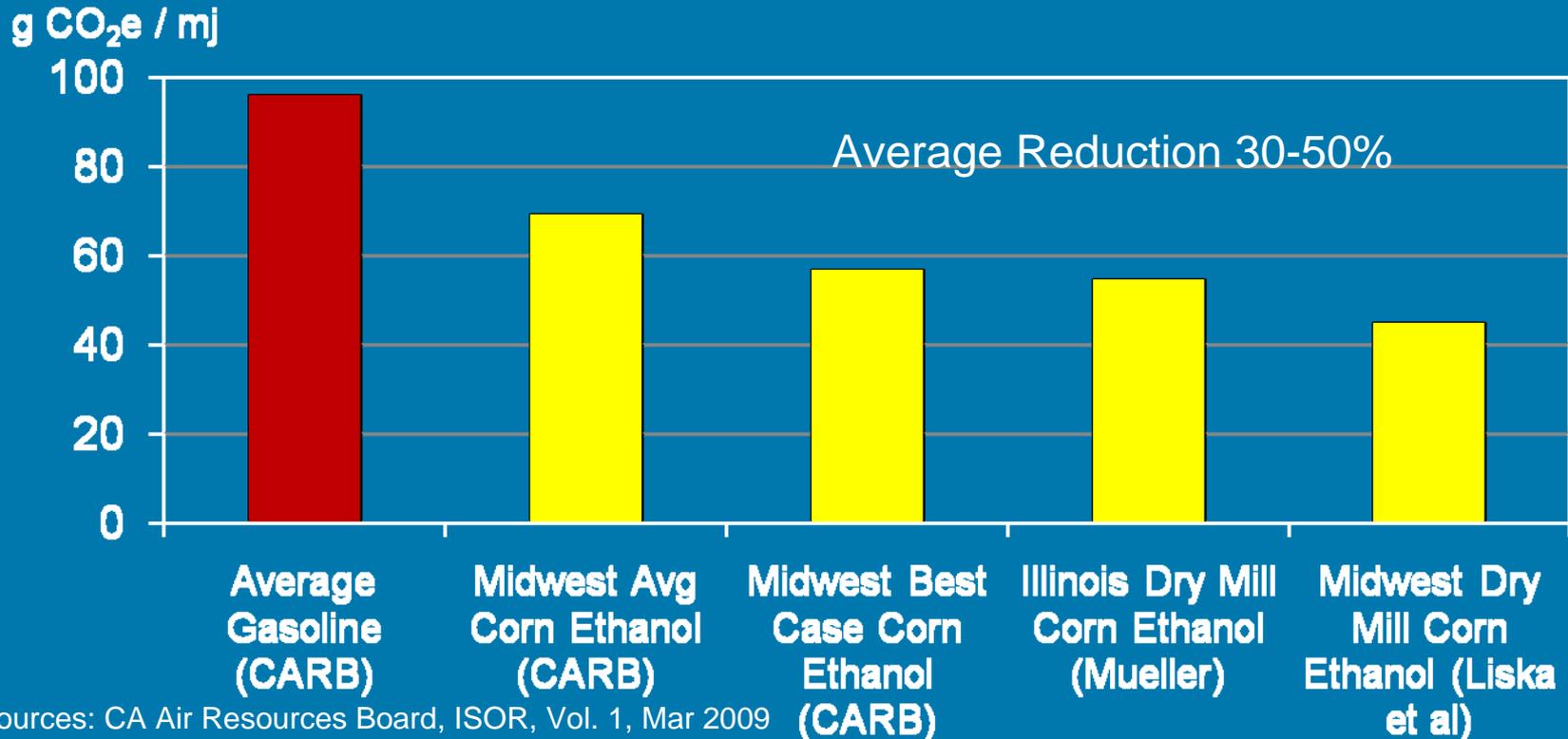
# Without renewable fuels we would need to import more oil

## Crude Oil Import Dependence



# Corn Ethanol Reduces Direct GHG Emissions

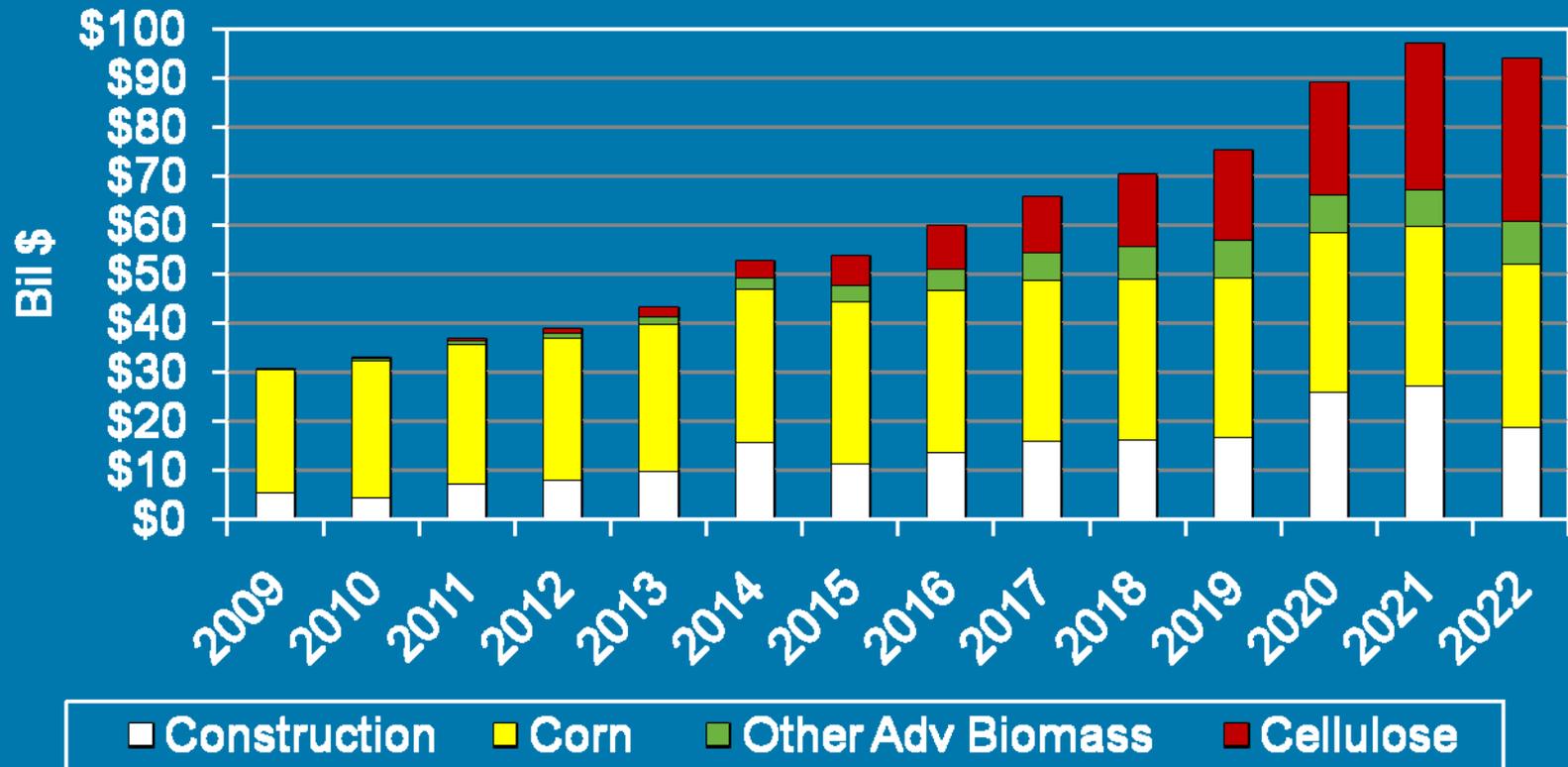
## Corn Ethanol GHGs vs. Average Gasoline



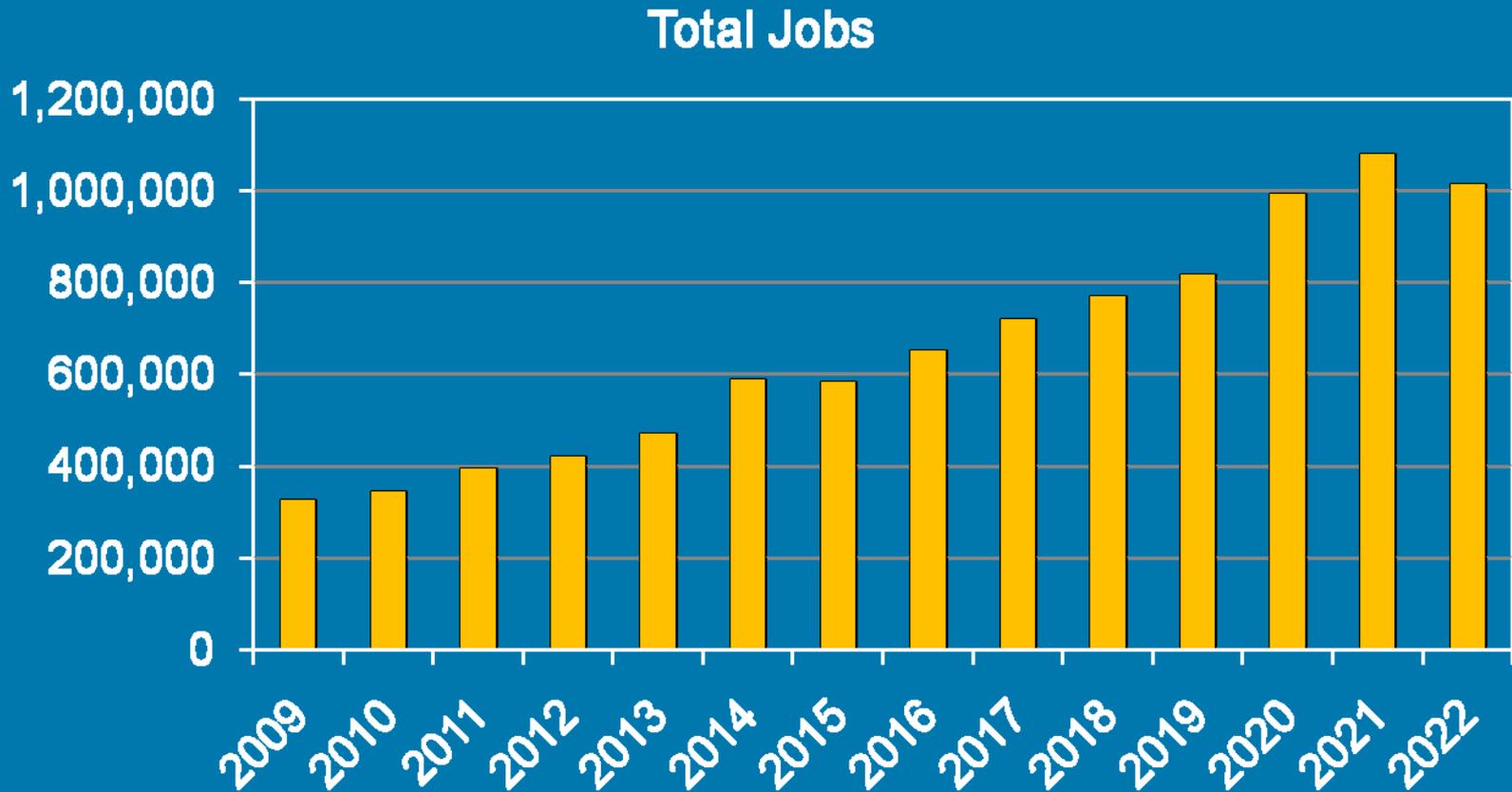
Sources: CA Air Resources Board, ISOR, Vol. 1, Mar 2009  
Mueller et. al "The Global Warming and Land Use Impact of Corn Ethanol at the Illinois River Energy Center" Oct 2008  
Liska et al "Improvements in Life Cycle Energy efficiency and Greenhouse Gas Emissions of Corn Ethanol" Journal of Industrial Ecology, Jan 2009

# Renewable fuels will continue to benefit the economy

## Contribution to GDP

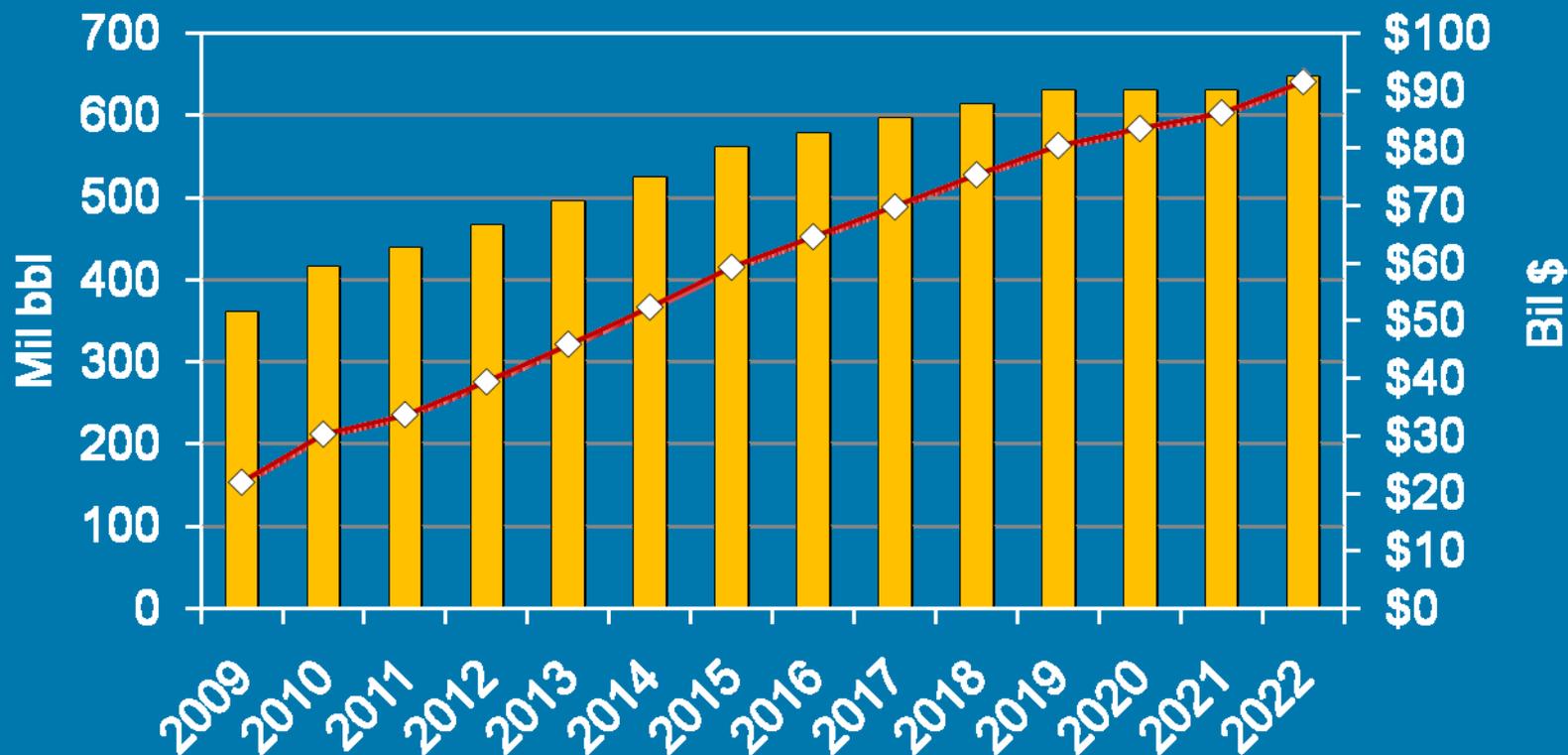


# ... and remain an engine for job creation

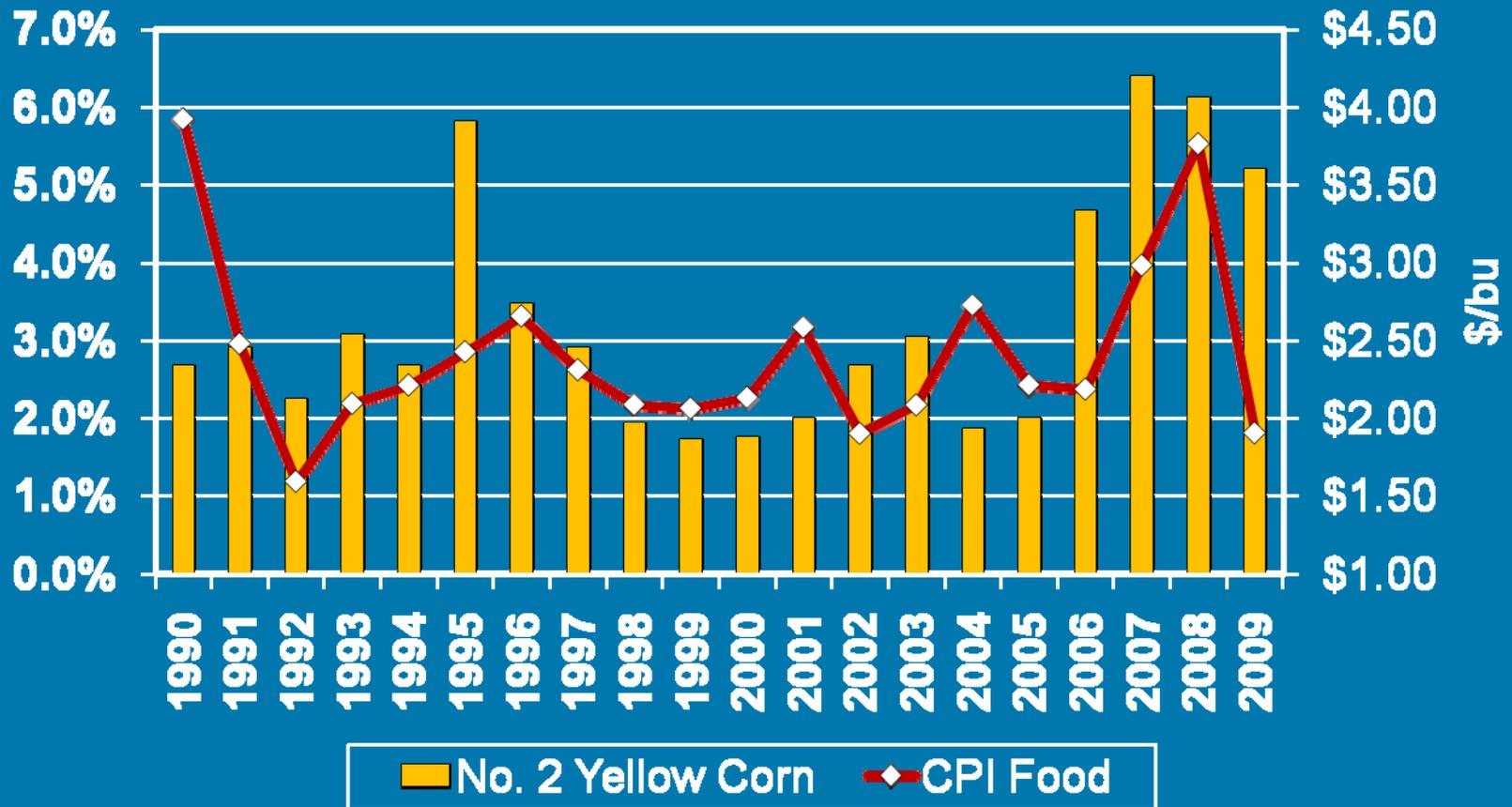


# Renewable fuels will lessen our dependence on imported oil

## Crude Oil Equivalent



# Ethanol has not fueled food prices!



# Tax Incentives are vital tools for the industry

- VEETC helps keep ethanol competitive with gasoline by establishing a floor not a ceiling for prices
- RFS mandates the use of ethanol, not the production.
- Market-based structure of tax incentives encourage and incentivize domestic production thereby ensuring that the RFS volume requirements will be filled primarily with homegrown supply

## But the tax incentive program has critics

- Critics argue that an excise tax credit for ethanol (and biodiesel) is unnecessary when a mandate requiring refiners to blend biofuels already exists.
- Reauthorization of the VEETC and biodiesel tax credit will be the major policy issue for the renewable fuels industry in 2010.

# Ethanol Tax Incentives Pay for Themselves!

- Industry generates \$8.4 billion in Federal revenue and \$7.5 billion for State and Local governments
- VEETC and SEPTC cost \$5.0 billion
- ***Ethanol provides a \$3.4 billion surplus for the Federal Treasury.***

# Challenges Facing Policymakers

- Will the domestic renewable fuel industry remain economically viable and at what scale?
- Where will the renewable fuels mandated by the RFS be made?
- Will the U.S. end up exporting another industry along with the jobs and economic activity it supports?