

# Mixing Alcohol and Gasoline

*Nation's Business, (U.S. Chamber of Commerce), May 1933*

AMONG the more recent farm relief proposals is a plan for adding alcohol, made from farm products, to motor fuel. The plan is receiving serious consideration in several quarters. Corn-belt states are particularly interested.

It is estimated that more than five hundred million bushels of corn would be used in making the alcohol needed for a ten per cent dilution of the gasoline annually consumed here.

Since this would more than absorb the usual excess corn crop, the plan has enlisted ardent champions in corn-producing states. Bills have been introduced in the legislatures of at least two states. Illinois and Iowa, to bring about alcohol-gasoline blends. Two similar measures were introduced during the last session of Congress. Iowa College has undertaken investigational work and has issued reports of this use of farm products. A study of the possibilities of the use of corn and other surplus crops for this and other non-food purposes has also been recommended by the United States Chamber's Special Committee on Agricultural Policy.

## **The mixture is used abroad**

THAT automobiles can operate on such blended fuel is evidenced by the fact that they are now doing so in more than a dozen foreign countries. In eight of these countries – Austria, Brazil, Chile, France, Germany, Hungary, Italy and Latvia – the use of such blends is required by law as a means for utilizing agricultural products.

There are many technical objections to the use of such fuels, however. Carburetors have to be adjusted, except for the weakest dilutions, and other mechanical changes might have to be made to obtain maximum efficiency. Problems of corrosion also arise.

Less mileage is said to be obtained from the blended fuel. These and other difficulties while serious, are hardly positive bars to the use of such fuels and are offset in a small degree by certain inherent advantages of the blended fuel, such as anti-knock qualities.

As some one has said, this utilization of our surplus farm crops is more of an economic than a practical problem. From the economic view, formidable obstacles present themselves.

The United States, it has been pointed out, occupies a position far different from that of countries where the alcohol-gasoline blends have reached their widest use. Gasoline in those countries, costs more than alcohol. The countries in question import their petroleum supplies and manufacture their own alcohol.

In this country, on the other hand, we have vast stores of petroleum and it is far cheaper than alcohol.

## **Fuel would cost more**

THUS the blended fuel would have to sell here at a premium over unblended gasoline. From the maze of conflicting statistics and estimates already in the matter, we may select one source which places this premium, for a mixture containing 2.5 to 3 per cent alcohol, at from one to one and one-half cents a gallon. Whether the farmers' fondest friends, or even the farmers themselves, would voluntarily pay the difference is a question. One way of erasing this difference would be to place a higher tax on all unblended fuels, or, conversely, to reduce the tax on the blended gasoline.

Here, however, another difficulty rears itself. Unless prevented by law, marketers of gasoline could very well comply with state

laws regarding blended fuel, without using alcohol made from corn. While one authority states that corn as a source of alcohol can compete freely with molasses and with synthetic alcohol so long as corn remains below 32 cents a bushel (recent farm prices have been between 10 and 15 cents), the fact remains that the present alcohol of commerce is of the molasses variety.

Opponents of the plan point out that it is the delivered price of corn at the distillery, and not the farm price that governs. They declare that under any probable conditions alcohol can be made most cheaply from materials other than excess farm products. Blackstrap molasses, the largest present source, is a by-product of the sugar-cane industry, and its price is governed only by its worth to the alcohol producers. Depression of alcohol prices through subsidized production of alcohol from farm products, they argue, would mean merely that the present alcohol producers would pay less for molasses and thus keep their costs below those of competitors using corn.

Petroleum also supplies raw materials for the manufacturer of alcohol. At current crude-oil prices such alcohol can be made at costs as low or lower raw than alcohol from any other raw material, it is said.

Also to be considered is the fact that few large commercial distilleries now make alcohol from corn. Heavy expenditures would be necessary to bring this division of the alcohol industry up to the needed production were the alcohol-gasoline plan adopted nationally. The groundwork for such expansion is reported already being laid by several distillers in anticipation of enactment of such legislation by the states or Congress.

### **Cost is a large factor**

GETTING back to cost comparisons, the current selling price of gasoline at refineries is

less than five cents a gallon – taxes and distribution costs bring this up to the 13 to 20 cents the motorists pays at the pump. Actual cost of making alcohol of 95 per cent purity from molasses is put at about 20 cents a gallon and the selling price at more than 30 cents. Now it has been estimated that, to make alcohol from corn at a cost of 20 cents a gallon, alcohol plants would have to buy their corn, delivered, at not more than 25 cents bushel. Further, 20-cent alcohol would only be made from corn by large, efficient and centralized distilleries, opponents of the plan say, and such centralization would mean that the 25 cent corn price would be subject to further deductions for freight to those central points. Even the establishment of numerous small distilleries in the corn belt, close to supplies, would avail nothing, since the higher operating costs of such plants would offset savings in freight.

The plan is a bald proposition its opponents say, of mixing an inferior diluent costing, at a minimum, 18 to 20 cents a gallon with a product costing five cents a gallon and then finding some one to bear the added cost—in this case the motorist. It is, they say, merely a project to subsidize certain groups of the farm public at the expense of the gasoline-consuming public.

In lighter vein another argument has been brought against this use of alcohol. The thirsty would have only to shake up a few gallons of the blended gasoline with a gallon of water to separate the alcohol. There are implications in such a situation that deserve consideration.

Aside from all the pros and cons of the entire question, however, there seems a basis for the thought that some such plan may eventually be adopted. Diminishing petroleum supplies or new developments in the conversion process may someday make adoption of such a plan economically possible and advisable—P. H. H.

***CAPP contact: Charlie Peters***

Retyped from original

**AG Kamala Harris ... Can we have cleaner air & \$2 gas by 2014?**  
*Stella Sez, Hemmings Motor News, July 2000 & March 2001*

**(March 2001)** - "Rep. Gary A. Condit (D-Calif.) has introduced legislation, in the opening days of the 107th Congress, to help drive gasoline prices down while protecting the environment. HR 52 seeks to relieve California from federally mandated year-round gasoline oxygenate requirements while preserving the full benefits of California's reformulated gasoline program. Condit introduced the bipartisan legislation with another member of the California delegation, Rep. Chris Cox. 'California already meets Environmental Protection Agency requirements for reducing emissions of toxic air pollutants and ozone-forming compounds,' Condit said. 'When a state meets these requirements, under this legislation, they would not be required to add oxygenates to gasoline'."

<http://clubs.hemmings.com.clubsites/capp/mar01.html>

**(July 2000)** - "Unlike MTBE, little is known about the impacts of ethanol releases into groundwater or the environment. However, because ethanol is the primary ingredient of beverage alcohol, which is classified by the California Proposition 65 Committee and other cancer experts as a human carcinogen, many are concerned about the possibility that ethanol may pose a cancer risk. Additionally, independent researchers have determined that ethanol in groundwater can extend plumes of other more potent gasoline carcinogens (benzene, toluene, etc.) up to 25%. In addition, ethanol is less effective than MTBE at fighting air pollution, and due to transportation and supply problems, will likely increase gasoline prices."

<http://clubs.hemmings.com/capp/july.html>

**CAPP contact: Charlie Peters**

# MTBE on Fire!

*Stella Sez, Hemmings Motor News, APRIL 2000*

Federal and State representatives are introducing legislation regarding methyl tertiary butyl ether (MTBE) and oxygenates. U.S. Senators Jim Inhofe, R-Okla., and Diane Feinstein, D-Calif., have introduced legislation that would allow states to stop using gasoline containing MTBE. U.S. Rep. Michael Forbes of New York joined environmentalists and others calling for a federal ban on the use of the gasoline additive. In the meantime, New York Governor George Pataki has recommended that the state reduce the water quality standard for MTBE from 50 parts per billion to 10 parts per billion. Assemblyman Patrick Manning is sponsoring legislation calling for a task force to examine the health and environmental impacts of MTBE. For the statement of U.S. Senator Feinstein before the House Subcommittee on Health and the Environment on MTBE and drinking water contamination on May 6, 1999, see: "<http://www.senate.gov/~feinstein/releases/mtbe6.html>"

California state Senator Dick Mountjoy has introduced two bills: one will speed up California's phase-out of MTBE by December 31, 2000; the other calls for a comprehensive study of the impact of adding ethanol to reformulated gasoline. Senator Mountjoy noted that the National Research Council's 1999 study entitled "Ozone-Forming Potential of Reformulated Gasoline" concludes "...that the use of commonly available oxygenates in RFG has little impact on improving ozone air quality." Mountjoy asks "Why should we put ethanol or MTBE, both oxygenates, in gasoline if they do not improve air quality? Certainly comprehensive scientific research assessing their impact on human health and

our environment should be completed prior to their use."

In January, CAPP President Charlie Peters and I attended city council meetings in San Rafael and Vacaville, California where the MTBE issue was addressed, and Resolution were discussed banning MTBE. Mayor Flemming of Vacaville and the city council voted to support the Governor on the removal of MTBE.

In South Lake Tahoe, El Dorado County Supervisor Dave Solaro said he is putting together an ordinance that would give the El Dorado County Environmental Management the authority to shut down stations still serving gas containing the controversial fuel additive. Last year the county and the city of South Lake Tahoe joined a cooperative agreement with the area's primary water supplier, the South Tahoe Public Utility District, which has lost more than a third of its wells because of contamination. The purpose of the new group, the Lake Tahoe Region Water Preservation Authority, was to find a way to get gasoline containing the additive out of the California portion of South Shore. The group last summer decided to take a wait-and-see approach, giving suppliers time to voluntarily serve MTBE-free gas. But five stations still used MTBE: the Roadrunner in Meyers; Lake Tahoe Gas and Wash, Stop N' Save and Tahoe Tom's in South Lake Tahoe; and the Swiss Mart on Emerald Bay Road. A rule went into effect in December 1999 that requires all service stations in California to label their pumps. When the state checked earlier this month, the Swiss Mart and Stop N' Save did not have labels.

## MTBE Around the World

Saudi Basic Industries Corp. (SABIC) has won a contract to supply the United Arab Emirates with 70,000 tons of MTBE. SABIC's output of MTBE totals almost three million tons per year, making Saudi Arabia the second largest producer after the United States. Taiwan's state-owned Chinese Petroleum Corp. (CPC) has bought a 7,000-ton cargo of MTBE. During the past year, MTBE has begun to show up in the drinking water of Austin, Texas. It has also turned up in Lake Austin, the primary source of Austin's drinking water, and upstream in Lake Travis. The state of Texas sets its MTBE safety level at 240 parts per billion in drinking water -- one of the most liberal standards in the United States. Myron A. Mehlman, a toxicologist who has worked for both the government and the oil companies, believes levels above one part per billion causes unnecessary human risk. Neil J. Carman, Ph.D. of the Lone Star Chapter of the Sierra Club of Austin, Texas writes: "MTBE-gasoline contamination was a hot topic in 1992-93 in Austin, Texas and the 'Austin American-Statesman' ran as many as 125 articles on the community struggle surrounding the East Austin Tank Farm. MTBE contamination is still underneath and spread well beyond the East Austin Tank Farm (EATF) that was formerly operated by six big oil companies, Chevron, Exxon, Mobil, Star-Texaco, Coastal and Citgo. The 43 storage tanks are all removed but MTBE monitoring and removal continues. MTBE has moved far offsite having been discovered underneath the City of Austin's Govalle Park about 1/4 miles from the EATF site."

Edwards Air Force Base in California has identified MTBE contamination... "The... base (is)... working on how to clean up groundwater contaminated with MTBE." On base, the chemical has been detected at its highest concentration - 1,400 parts per billion, in groundwater underlying the gas station at the research laboratory's Installation Restoration Program Site 133.

## More MTBE News

Sen. Dianne Feinstein has urged the U.S. Navy to move quickly to clean up the spread of a gasoline additive that is leaking from underground storage tanks at the Port Hueneme naval base. The "Los Angeles Times" reported in February that the errant chemical MTBE, which has been seeping into ground water beneath the base since 1995, has now grown into a pollution plume one mile in length and about 500 feet wide. At its current rate (it expands nearly a foot a day), officials estimate the contaminant will eventually rise to the surface and spill into Port Hueneme Harbor in about 18 months.

In Maryland, MTBE has been detected in about 210 private wells and 140 monitoring wells drilled near gas stations since 1998, state officials say. It has also turned up in 66 of the more than 1,000 public water systems in the state, which began testing in 1995. The state Department of the Environment does not know the full extent of contamination. They are asking lawmakers for permission to use \$150,000 from a state oil tax to raise the number of groundwater inspectors from 21 to 24.

Even New Jersey's water contamination was in the news. At a news conference in West Paterson, a copy of a 1987 EPA internal memo was released, assessing the health effects of MTBE. At the time, the petroleum industry was using MTBE as a replacement for lead to boost octane. The memo, prepared by the EPA's Test Rules Development Branch, was written three years before the agency's reformulated fuel policies resulted in usage of MTBE in even greater concentrations in New Jersey and other urban areas. The EPA knew about potential threats to public health and drinking water supplies years before the agency allowed the widespread use of a potentially cancer-causing gasoline additive. The memo noted that MTBE can be toxic, causing neurological problems or tumors when inhaled or absorbed by the skin. The 1987 memo also stated the chemical had been

found in groundwater in four states, affecting up to 20,000 people.

Efforts are under way to try to repeal the two-percent part of the Clean Air Act. Without that change, ethanol will be used increasingly as MTBE is phased out. "Ethanol is the only viable alternative and it vaporizes more," said Mary Mears, a spokeswoman for the EPA. "It's not absolutely perfect... Ethanol has a huge amount of problems," agreed John Maxwell, associate director of the New Jersey Petroleum Council. "It will not go through a pipeline. It absorbs water, corrupting the product and the pipeline."

### Questions To Ask

- Whether the alternatives present any significant risk to human health and the environment.
- Whether the alternatives are preferable from the standpoint of cost and availability.
- If ethanol has a higher volatility, evaporates more readily, does it create more air pollution and NOx?
- If the production of corn in the United States involves substantial applications of fertilizers, herbicides and pesticides, would drinking water supplies be similarly contaminated with atrazine and other farm chemicals if corn production were to expand to the level to produce enough ethanol to replace MTBE?
- If each gallon of ethanol receives a tax subsidy of 54 cents. How much more money will taxpayers have to subsidize it? Not to mention the reduction of motor fuels excise tax revenues.
- Will expanded ethanol production increase

### More next month...

<http://clubs.hemmings.com/capp/april.html>

**CAPP contact: Charlie Peters**

the cost of gasoline at the pump because there will be less competition among fuel additives?

-- If the demand for corn increases, will the cost of corn used as animal feed will increase? Then will the price of pork, beef and chicken in the supermarket increase?

-- Why can't lower sulfur, lower Reid vapor pressure gasolines be used instead? Slowly decreasing the sulfur to keep the smaller refiners in the competitive market?

### The Kyoto Cows

26 million Australian cattle with their complicated digestive system send so much methane into the atmosphere that they are reportedly damaging the ozone layer with all their belching and farting. Viewed as environmental vandals, the Federal Government has figured out a way to comply; tax the cows! Farmers who can't teach their cattle better manners (there's a plan for that too), would have to pay the tax. Under the international Kyoto Protocol on greenhouse emissions, signed but not yet ratified, Australia would be required to reduce methane and carbon dioxide gases. The Australian Greenhouse Office suggests graziers pay between \$10 and \$30 for every ton of gas their herds pass, about two tons per animal. Scientists are working on a food additive that reduces bovine emissions. Trouble is, they need to take it every three days, a problem for vast outback properties. The burp tax could also lead to an 8% reduction in the national herd by 2010, and raise the price of beef.

### CAPP's Web-Site

CAPP's new web-site is up and running at: <http://clubs.hemmings.com/capp/index.htm>

# Electric car decision shocking to some

*By Thomas Elias, Sierra Star, May 2, 2008*

Shock and indignation from many sides greeted a late-March decision by the California Air Resources Board to scale back drastically its longstanding zero emission vehicle (ZEV) demand on the world's leading auto manufacturers.

Rather than having to get 58,000 ZEVs onto state roads by 2014, as previous rules would have required, now the big companies will only have to build and sell 7,500 by then. Affected are General Motors, Ford, Chrysler, Toyota, Honda and Nissan.

"We are disappointed," said Spencer Quong of the Union of Concern Scientists. "It's a disappointment," chimed in Jennifer Holmes-Gen of the American Lung Association of California. "They could have sent a strong message. The numbers are important, and the numbers should be higher."

Indeed, the ARB did send a strong message. But one very different from any it ever sent before. For almost 50 years, whether the governors who appointed them were conservative Republicans like Ronald Reagan or liberal Democrats like Jerry Brown, ARB members steadfastly stuck to their guns and never succumbed to pressure from automakers who invariably resist new smog controls.

But now, the ARB has caved to the car companies, which claimed they could not make ZEVs -- either electric or hydrogen-powered cars -- commercially viable by

2014. Instead, they proposed building more hybrids and adding plug-in hybrids to the mix.

Ironically, the auto companies only began building hybrids when California demanded major smog reductions and other states quickly followed. Now hybrids are major profit centers, with Toyota, for one, planning by 2010 to offer a hybrid version of every model it sells. Of course, before hybrids became the vogue, the carmakers also said they couldn't make them, the same thing they claimed before making first smog control devices and later catalytic converters standard equipment on cars almost everywhere in the world.

It may not be constructive to send the message that California smog regulators can be bent by industry demands, but that change is hardly surprising under Gov. Arnold Schwarzenegger, who has consistently made furthering the aims of big business a top priority.

Whenever his appointees deviate from that approach, they find themselves on the outside looking in. It happened to former ARB chairman Robert Sawyer, an emeritus professor of energy at UC Berkeley who Schwarzenegger described when he appointed him as "an exceptionally accomplished scientist...who has devoted his career to using science to improve air quality." That was before Sawyer began moving aggressively against industries that further global warming by emitting large amounts of greenhouse

gases -- a cause to which Schwarzenegger devotes considerable lip service.

When Sawyer got even mildly aggressive, he was gone, replaced by the more malleable Mary Nichols, now in her second stint as ARB chairman. Back in the 1980s, Nichols distinguished herself by OK'ing a big business proposal to import liquefied natural gas (LNG) to California (thwarted by a Chumash Indian lawsuit) and by pushing hard for centralized smog testing centers, a plan under which one big company would have displaced thousands of small-business smog-check shops.

Similarly, when Schwarzenegger's own brother-in-law Bobby Shriver and his movie mentor Clint Eastwood refused to go along with a developer-backed plan to build a new toll road through the San Onofre State Beach, they were bounced from the state parks commission. Never mind that Schwarzenegger two years earlier had denounced that plan; he now embraces it.

Schwarzenegger's pattern of kowtowing to big business is ubiquitous in his administration, where officials of the state Chamber of Commerce and other large business groups and corporations regularly

come and go through a steadily revolving door.

This is all very consistent with the governor's consistent practice of taking good care of campaign donors.

Developers are his leading contributors, and last spring they received permission to use plastic water supply pipes in new construction, despite concerns about toxic chemicals possibly leaching into tap water. Twice Schwarzenegger vetoed bills mandating a comprehensive study of whether California has any need for LNG, which large contributor Sempra Energy will soon start importing. Last fall, he vetoed all 12 bills the Chamber called "job killers" and a measure to force restaurant chains (but not mom-and-pop operations) to display the nutritional content of all menu items. And on and on.

The message is clear: Consumers and small businesses beware whenever your interests conflict with big business or big campaign donors. For Schwarzenegger, who styles himself "the people's governor" has actually been a corporate pawn and all his appointees know they must go along or be gone. It's now clear the Air Resources Board is no exception.

[http://www.sierrastar.com/2008/05/02/45010\\_electric-car-decision-shocking.html](http://www.sierrastar.com/2008/05/02/45010_electric-car-decision-shocking.html)

***Will California State Senate confirm a Department of Consumer Affairs / Bureau of Automotive Repair (DCA/BAR) Chief who will make sure (Partial) Zero Emissions Vehicles (PZEV) that fail Smog Check get fixed. Smog Check secret shopper audits would cut California's smog by 1500 tons per day, this will reduce the cost impact to Californians by \$billions\$***

**CAPP contact: Charlie Peters**

# U.S. corn ethanol 'was not a good policy'-Gore

By Gerard Wynn, Reuters, Monday, November 22, 2010

ATHENS, Nov 22 (Reuters) - Former U.S. vice-president Al Gore said support for corn-based ethanol in the United States was "not a good policy", weeks before tax credits are up for renewal.

U.S. blending tax breaks for ethanol make it profitable for refiners to use the fuel even when it is more expensive than gasoline. The credits are up for renewal on Dec. 31.

Total U.S. ethanol subsidies reached \$7.7 billion last year according to the International Energy Industry, which said biofuels worldwide received more subsidies than any other form of renewable energy.

"It is not a good policy to have these massive subsidies for (U.S.) first generation ethanol," said Gore, speaking at a green energy business conference in Athens sponsored by Marfin Popular Bank.

"First generation ethanol I think was a mistake. The energy conversion ratios are at best very small.

"It's hard once such a programme is put in place to deal with the lobbies that keep it going."

He explained his own support for the original programme on his presidential ambitions.

"One of the reasons I made that mistake is that I paid particular attention to the farmers in my home state of Tennessee, and I had a certain fondness for the farmers in the state of Iowa because I was about to run for

president."

U.S. ethanol is made by extracting sugar from corn, an energy-intensive process. The U.S. ethanol industry will consume about 41 percent of the U.S. corn crop this year, or 15 percent of the global corn crop, according to Goldman Sachs analysts.

A food-versus-fuel debate erupted in 2008, in the wake of record food prices, where the biofuel industry was criticised for helping stoke food prices.

Gore said a range of factors had contributed to that food price crisis, including drought in Australia, but said there was no doubt biofuels have an effect.

"The size, the percentage of corn particularly, which is now being (used for) first generation ethanol definitely has an impact on food prices.

"The competition with food prices is real." Gore supported so-called second generation technologies which do not compete with food, for example cellulosic technologies which use chemicals or enzymes to extract sugar from fibre for example in wood, waste or grass.

"I do think second and third generation that don't compete with food prices will play an increasing role, certainly with aviation fuels."

Gore added did that he did not expect a U.S. clean energy or climate bill for "at least two years" following the mid-term elections which saw Republicans increase their support.

<http://www.reuters.com/article/2010/11/22/ethanol-gore-idAFLDE6AL0YT20101122>

**BP Wins Most Pentagon Fuel Awards in Year After Gulf Explosion**

CAPP contact: Charlie Peters

# **Biofuel policy is causing starvation, says Nestlé boss**

*By Stephen Foley, Independent, Wednesday 23 March 2011*

Soaring food inflation is the result of "immoral" policies in the US which divert crops for use in the production of biofuels instead of food, according to the chairman of one of the world's largest food companies.

Peter Brabeck-Letmathe, the chairman of Nestlé, lashed out at the Obama administration for promoting the use of ethanol made from corn, at the expense of hundreds of millions of people struggling to afford everyday basics made from the crop.

Mr Brabeck-Letmathe weighed in to the increasingly acrimonious debate over food price inflation to condemn politicians around the world who seem determined to blame financial speculators instead of tackling underlying imbalances in supply and demand. And he reserved especially pointed remarks for US agriculture secretary Tom Vilsack, who he said was making "absolutely flabbergasting" claims for the country's ability to cope with rising domestic and global demand for corn.

"Today, 35 per cent of US corn

goes into biofuel," the Nestlé chairman told an audience at the Council on Foreign Relations (CFR) in New York yesterday. "From an environmental point of view this is a nonsense, but more so when we are running out of food in the rest of the world.

"It is absolutely immoral to push hundreds of millions of people into hunger and into extreme poverty because of such a policy, so I think - I insist - no food for fuel."

Corn prices almost doubled in the year to February, though they have fallen from their peak in the past few weeks. Anger at rising food prices contributed to protests across the Middle East, and rising commodities costs were among the factors pushing UK inflation to 4.4 per cent in February, according to figures out yesterday.

US exports account for about 60 per cent of the world's corn supply. Demand has surged as more people join the middle classes in emerging economies such as China and India, not just because these new consumers demand more food made from

corn, but also because demand for meat has increased and livestock farmers need to buy more feed.

Nestlé, the company behind Shredded Wheat, Nescafé and Aero chocolate bars, has been lobbying European regulators and governments around the world against setting high targets for biofuel use, even though many countries see the production of ethanol as a means of meeting obligations to cut carbon fuel emissions.

The lobbying has fallen on deaf ears in the US, however. Ethanol production from corn is heavily subsidised, with output running at more than 13.5 billion gallons annually. Policies to promote its production are "absurd", Mr Brabeck-Letmathe claimed yesterday, and meeting a mooted global target of having 20 per cent of fuel demand with biofuels would involve increasing production by one third.

"What is the result? Prices are going up. It's not very complicated," he said. "This question is now the number one priority for the G20 meeting in

Nice, and the main thing we are going to do is fight against speculation. We are concentrating on the irrelevant."

Speaking to farmers earlier this month, the Obama administration's agriculture secretary said he found arguments from the like of Nestlé "irritating". Mr Vilsack said: "The folks advancing this argument either do not understand or do not accept the notion that our farmers are as productive and smart and innovative and creative enough to meet the needs of food and fuel and feed and export."

Mr Brabeck-Letmathe was chief executive as well as chairman of Nestlé until splitting the roles in 2008. He is also on the board of luxury goods maker L'Oréal, the investment bank Credit Suisse and oil company ExxonMobil. Speaking at the CFR yesterday, he also advocated the idea of setting a price for water used in agriculture, as a means of more efficiently allocating scarce resources. And he suggested that alternative sources for biofuels could be algae and stems of harvested corn.

<http://www.independent.co.uk/news/business/news/biofuel-policy-is-causing-starvation-says-nestl-boss-2250075.html>

*Oh my, does Nestle check bottled water for for ethanol?*

CAPP contact: Charlie Peters

# 'We are getting fleeced'

*By Katy Grimes, Cal Watchdog, April 5, 2012*

The California Air Resources Board has created a stealthy new corporation in Delaware. The Western Climate Initiative Inc., which will manage cap-and-trade programs, even has its own form of currency.

WCI Inc. says it exists "to perform administrative and technical services to support the carbon trading market, including market monitoring of allowance auctions, and market trading of compliance instruments."

"CARB is creating a whole new currency with these pollution certificates," explained Assemblywoman Diane Harkey, R-Dana Point. "Initially the state was to unite with other Western states to reduce the purported menace to the future of our planet," Harkey said. "However, our partners determined that they would prefer not to tackle the issue during a recession; the cost of making their states less competitive in a tough business environment outweighed the benefit."

Harkey has been trying to get her legislative colleagues to understand that the "fix," setting a goal to reduce greenhouse gas emissions to 1990 levels, with increasing population on the horizon, "is guaranteed to cost employers and everyday people more for the electricity and products they need. California's only remaining partner is the Canadian province of Quebec."

At a recent legislative hearing with CARB officials, Harkey asked why WCI was registered in Delaware and not in California. But CARB's Richard Corey couldn't provide a legitimate reason. "WCI is an established ... it's a program to link with others," Corey said. "Many California companies are incorporated in Delaware, like Chevron and Disney," Corey added. "And the Delaware incorporation law is taught in law schools around the country. It was on the advice of counsel."

"California has Sunshine laws and open hearing regulations," Harkey said. "We have public funds we are dealing with here, not like Chevron or Disney." Harkey noted that Delaware is not subject to California state open meeting or sunshine laws, leaving many questioning why the WCI opted for such secrecy.

The WCI Board of Directors is made up of Matt Rodriguez, the newly appointed secretary for the California Environmental Protection Agency; James Goldstene, CARB chairman and CEO; and the equivalent officials for the Canadian provinces of British Columbia and Quebec. No other American states are involved.

## The Fleecing Game

Imagine 50 million Californians living on less water and electricity than 38 million Golden Staters do now. That's the scheme being hatched by some state officials and legislators. With the state's population growing at about 3.4 million a decade, the 50 million figure should be reached around 2040.

Instead of addressing the historic economic and energy problems in the state, Democratic Gov. Jerry Brown continues to push the High-Speed Rail plan. This week its supposed cost was scaled back from \$98 billion to a mere \$68 billion.

To fund his pet choo-choo, now he's pushing a cap-and-trade program to sell carbon credits.

Brown and public employee unions have also proposed a \$9 billion tax-increase ballot initiative.

California is no longer a manufacturing leader, but is leading the country in manufacturing schemes.

## Schemes

Top of the list of schemes is cap-and-trade, or emission trading—a way to tax residents and businesses by another name.

Throw in renewable energy mandates and the implementation of AB 32, the Global Warming Solutions Act of 2006, and it's clear state leaders are closing their eyes as the California Express runs off the rails.

Legislators are still too busy patting themselves on the back for passage of the extreme Renewable Portfolio Standard last year. But lawmakers will soon be forced to address the impending energy crisis their own laws caused. That's because their renewable energy mandates won't be able to power the Golden State.

## You Pat My Back, I'll Pat Yours

The California Independent System Operator, is a quasi-governmental agency which regulates the reliability of the state's energy grid. In a recent study, it warned that, as California tries to meet the stringent requirements of the Renewable Portfolio Standard of 33 percent renewable energy production, "so does the need for flexible capacity resources."

The study continued, "Integrating a 33 percent Renewable Portfolio Standard creates several new challenges for the ISO. Among these challenges is ensuring that the ISO has sufficient flexible capacity to address the added variability and unpredictability created by intermittent resources."

The "intermittent resources" referred to by CalISO are wind, solar, algae, ethanol and all other earth-friendly fuels. While they are not consistently reliable energy sources, most can serve as intermittent alternatives.

The 33 percent figure is the highest in the country after the Legislature pushed through and passed the environmentally restrictive Renewable Portfolio Standard. It mandates that California obtain 33 percent of all electricity from renewable resources by 2020. This figure includes all of the energy purchased outside of California. Energy experts say that California purchases more than 30 percent of its energy from out of state.

## Carbon Trading Scheme

It appears that CalISO doesn't believe that meeting the 33 percent renewable energy mandate is possible. Its study said, "California is making plans to link the cap-and-trade system with that of Quebec in 2012, under the auspices of the Western Climate Initiative, but challenges remain as allowances trade at record lows." So far, no other countries are interested in participating in trading carbon credits.

However, the California-Quebec relationship is not trading apples-to-apples: Quebec gets 97 percent of its energy from hydroelectric sources. California is trying to reduce traditional electricity production, including hydroelectric power, and instead replace it with as much

“renewable” energy as possible from wind and solar, algae and ethanol. But energy experts have been saying in recent months that California’s energy demand is too much for the alternative energy and lower usage standards.

Additionally, Quebec has only 80 regulated industries; California regulates more than 300 industries.

“This will create the largest carbon market in North America and provide a model that can guide future efforts to establish a creative road map for future national approaches in Canada and the U.S. to reduce greenhouse gas emissions,” said Western Climate Initiative Inc. co-chairmen James Goldstene, executive officer of the California Air Resources Board, and Jim Whitestone of Ontario’s Ministry of the Environment, at a recent hearing about cap-and-trade.

CARB officials plan on giving away free carbon allowances for the first auction “to the State’s large industrial emitters as well as the State’s electric utilities in order to reduce the economic impact of the cap-and-trade program,” a background paper explained.

But it appears that state officials have quietly recognized that selling carbon credits could actually do more damage to the state. The first carbon auction has been postponed from August to after the November election – with little comment, and no fanfare.

## Carbon Currency

California’s new cap-and-trade program places a limit on greenhouse gas emissions from the businesses and entities responsible for approximately 80 percent of the state’s greenhouse gas emissions. CARB will issue carbon allowances to these businesses and entities, which will be able to turn around and sell them to other businesses on the open market.

The “cap” is the state-imposed limit on businesses that emit greenhouse gasses, and the “trade” is the sale of carbon credits to other businesses. It’s the ultimate example of the government picking which businesses get to survive, and which will not, because not just anyone can purchase or sell carbon credits. Only the businesses chosen by CARB get to sell, and profit, from selling carbon credits to polluters.

Businesses will be limited on how many credits they can purchase. If a business produces more carbon emissions than the state allotted, CARB will issue stiff fines and penalties. Or the business can just reduce their production output and lose money instead.

Cap-and-trade emission credits are not a new scheme. For years, the state’s many air quality management districts have been requiring certain polluting businesses to purchase “clean air credits” from larger government approved companies, which were allowed to purchase up most of the credits. It’s a government run pay-to-play scheme.

“The capital gains from trading in the new currency of pollution ‘allowance certificates’ could very well create the next boom and bust cycle for our state if the scheme works as planned,” Harkey said. “With the creation of a carbon market for pollution, California will be monetizing pollution and charging businesses and residents for the air we breathe. We are getting fleeced.”

<http://www.calwatchdog.com/2012/04/05/ca-energy-schemes-we-are-getting-fleeced/>

CAPP contact: Charlie Peters

*A Clean Air Performance Professionals coalition member encouraged the EPA officials to partner with CA regulators to improve emissions compliance performance. The conversation covered EPA agreement for a California ethanol waiver at the end of the Clinton administration included the EPA attorney recall of conversation with Gary Condit about HR 52. Also requested help with Gene Tierney agreement to audit for Smog Check repair compliance.*

## **EPA officials take testimony on soot standards**

**BY JIM MILLER, Press Enterprise, 19 July 2012 05:30 PM**

**SACRAMENTO** Clean-air advocates urged federal environmental officials Thursday to impose stricter limits on fine-particle pollution, a move industry representatives warned would increase business costs and hurt the economy.

The hearing near the Capitol was the second of two day-long sessions on either side of the United States this week to get reaction to the Environmental Protection Agency's proposal last month to lower its annual fine-particle standard for the first time since 1997. An EPA panel also took testimony in Philadelphia on Tuesday.

Fine-particle pollution in the Riverside-San Bernardino area is among the worst in the nation. In addition to diesel exhaust, the particles measuring less than one-thirtieth the width of a human hair -- include factory and vehicle pollution, dairy emissions, dust and other airborne materials.

Experts have linked the soot to asthma, heart disease and other illnesses and blame the pollution for some 9,000

premature deaths in California annually.

Under federal court pressure, the agency's proposal would reduce the annual soot standard from 15 micrograms per cubic meter to 12-to-13 micrograms per cubic meter, and possibly as low as 11 micrograms.

In 2011, Mira Loma had the region's worst annual average, at 15.3 micrograms per cubic meter.

The EPA is scheduled to finalize a new standard in mid-December and designate attainment and non-attainment areas by early 2015. Non-attainment areas would have until 2020 to comply with the standards or risk losing federal money.

More than 80 people had testified at the Sacramento hearing as of late afternoon Thursday. The American Lung Association, the Sierra Club and other groups said the EPA proposal was long overdue. Advocates said the agency should adopt an annual standard of 11 micrograms.

In addition, some environmentalists want to reduce the 24-hour standard to 25 micrograms. The federal proposal would maintain the current 24-hour standard at 35 micrograms.

"Fine particle pollution is deadly," said Jane Warner, president and CEO of the American Lung Association of California. "Strengthening standards is the right thing to do for children. They're depending on you."

Some speakers said they had a personal stake in the issue. People with asthma, or with relatives who suffer from it, described feelings of dread as the seasons changed. Winter meant more wood fires. Summer meant heat-caused declines in air quality.

Industry representatives said current standards are strong enough and that the science is inconclusive on whether

lowering the soot limits would have a measurable effect on people's health or visibility.

Stricter limits, though, without question would impose heavy new costs on businesses already struggling in the economy, they said. Businesses would be unlikely to invest in non-attainment areas, where unemployment often is higher than the average.

"These proposed standards will inhibit commercial and industrial activity not only vital to creating jobs, but also necessary to providing tax revenue that will support important local services like public safety and education," said Mike Rogge, the policy director for environmental quality at the California Manufacturers and Technology Association.

*Also contributing to this report: Staff writer David Danelski, ddanelski@pe.com*

<http://www.pe.com/local-news/politics/politics-headlines-index/20120719-pollution-epa-officials-take-testimony-on-soot-standards.ece>

***California Smog Checks millions of cars and Fails 100,000's but never determines if the fault of the failure gets fixed.***

***California Smog Check law requires failed cars repaired for a charge to be repaired by a licensed station and tech but BAR supports non compliance with the rules.***

***BAR supports tax paid repairs for cars that have not failed a Smog Check***

***CAPP contact: Charlie Peters***

*Honorable Congressman Jim Costa (fax 202-225-9308), your former friends Gary Condit & Chris Cox introduced HR 52 in the opening days of the 107th congress. California already meets Environmental Protection Agency requirements for reducing emissions of toxic air pollutants and ozone-forming compounds. We support you consider the FedEPA, week of June 28, 2012, \$625,000.00 penalty for baking bread in Lodi CA. NO on your bill HR 3097 unless amended to support a waiver to make ethanol voluntary in CA gas. Yes Jim we shared our opinion with EPA in Sacramento this week.*

## **Coalition Wants Renewable Fuels Standard Reform** *Food Product Design, July 20, 2012*

WASHINGTON—In response to a new economic study on the impact of corn ethanol production on food prices and commodity price volatility, a coalition of livestock and poultry groups is asking Congress to reform the federal Renewable Fuels Standard (RFS) that mandates the amount of ethanol that must be produced annually.

The study, conducted by Thomas Elam, Ph.D., president of FarmEcon LLC, an agricultural and food industry consulting firm, found federal ethanol policy has increased and destabilized corn, soybean and wheat prices to the detriment of food and fuel producers and consumers.

The RFS, first imposed in 2005 and revised in 2007, this year requires 15.2 billion gallons of ethanol to be produced. Most of that amount is blended into gasoline at 10%.

"The increases we've seen in commodity prices are strongly associated with the RFS mandate," Elam said. "At the same time, we haven't seen the promised benefits on oil imports or gasoline prices. This means that while Americans are forced to pay more for food, they're also not seeing lower prices at the pump; it's a lose-lose situation."

As a Senate Biofuels Investment and Renewable Fuels Standard Market Congressional Study Group examines several aspects of the RFS, the

study will provide critical facts needed to reform the current standard.

In urging reform of the RFS, the coalition cited the Elam study's conclusion that the mandate should be revised to allow automatic adjustments to reduce incentives for ethanol production when corn stocks are forecast to reach critically low levels.

The coalition supports the "Renewable Fuels Standard Flexibility Act" (HR 3097), sponsored by Reps. Bob Goodlatte (R-Va.) and Jim Costa (D-Calif.) that would require a biannual review of ending corn stocks relative to their total use. If the ratio falls below 10%, the RFS could be reduced by 10%. If it falls below 7.5%, the mandate could shrink by 15%; below 6%, it could be reduced by 25%; and if the ratio falls below 5%, the ethanol mandate could be cut by 50%.

The coalition said relief is extremely urgent because the recent spike in corn prices prompted by drought conditions in much of the Corn Belt has analysts predicting the United States will run short of corn this summer. Another short corn crop would be extremely devastating to the animal agriculture industry, food makers and foodservice providers, as well as consumers. Because of the RFS, however, corn-based ethanol manufacturers are protected from sharing the full burden of a corn harvest shortfall.

<http://www.foodproductdesign.com/news/2012/07/coalition-wants-renewable-fuels-standard-reform.aspx>

*NO on HR 3097 (Costa) unless amended to make ethanol voluntary in CA gas.*

**CAPP contact: Charlie Peters**

# California's Green Trade War

Sacramento uses carbon mandates to punish out-of-state businesses

*Wall Street Journal, Opinion, October 11, 2013 7:32 p.m. ET*

Environmental policies are often economic protectionism in green clothing. A case in point is California's low-carbon fuel standard, whose constitutionality is being challenged in federal court. It's also a case study of the incredible contortions of green policy-making today.

California's low-carbon fuel mandate requires the state, by 2020, to reduce the "carbon intensity" of its transportation fuels by 10%. Carbon intensity is a fuel's "life-cycle emissions," which include the energy needed to produce and transport it. You guessed it: California fuels tend to qualify as less carbon intense than imported out-of-state fuels because they're produced closer to market and use "cleaner" (i.e., renewable) sources of power.

But there's one big exception: Some California-based oil that is extracted using "thermally enhanced" techniques produces lots of emissions. But the state's oil industry is a key source of employment in inland areas. What to do? The California Air Resources Board came up with a formula that assigns older sources of crude oil, no matter its production technology, the same score.

What this means is that California's crude oil now rates the same as Alaskan light—even though California's actual carbon intensity is four times as high. Yet another convoluted puts oil recovered from Canada's Alberta tar sands at a ratings disadvantage in California.

Now comes the kicker: By the California Air Resources Board's own admission, the state's fuel standard "does not result in reductions in greenhouse gas emissions on a global scale" because more carbon-intense fuels will be sold elsewhere anyway.

So what's the point of all this? The goal is to corner the market for "advanced" biofuels, such as soybean oil, landfill waste and even animal lard. This stuff will be in high demand when the U.S. EPA ratchets up the federal Renewable Fuel Standard. California subsidized the biofuels industry by \$23 million this year.

The American Fuel & Petrochemical Manufacturers and other affected parties have sued the state for violating the U.S. Constitution's Commerce Clause by discriminating against out-of-state fuels. In 2011, federal Judge Lawrence O'Neill of the Eastern District of California ruled that the fuel mandate is unconstitutional and issued a preliminary injunction.

Then a three-judge panel of the hyper-liberal Ninth Circuit Court of Appeals weighed in. It vacated the district's court order, arguing that it should have considered whether the local benefits of controlling climate change exceeded the burden on interstate commerce. As argued by Justice Ronald Gould, California could see "its labor force imperiled by rising temperatures, and its farms devastated by severe droughts" due to rising emissions.

By this expansive logic, California could impose restrictions on virtually any out-of-state product on the pretext of reducing carbon emissions as the state defines them. France's wine producers take note.

Last week, the plaintiffs in the case requested en banc review by the Ninth Circuit. If the full appellate court rules that the climate trumps the Commerce Clause, the U.S. Supreme Court may have to bring California back to earth.

<http://online.wsj.com/news/articles/SB10001424052702304171804579121614113740826>

*A random Smog Check "secret shopper" audit, ethanol waiver & elimination of dual fuel CAFÉ credit can cut mobil fleet ozone & pm over 50% in 2014*

**CAPP contact: Charlie Peters**

## **21 people heading to funeral killed in truck, ethanol fuel tanker collision in Zimbabwe**

*FOX News, Associated Press, October 30, 2013*

**HARARE, Zimbabwe – Zimbabwe state radio says 21 people headed to a funeral died when their open truck collided with a tanker carrying ethanol fuel in southeastern Zimbabwe.**

**The state-run Zimbabwe Broadcasting Corp. reported Wednesday that the truck ferrying mourners side-swiped a tanker carrying the highly flammable ethanol spirit distilled from sugar. It said the collision happened in the sugar plantation district of Chisumbanje, about 460 kilometers (285 miles) from the capital, Harare.**

**State radio said the tanker exploded and most of the 21 passengers were burned beyond recognition in the fire. The coffin on the truck headed to the burial was also incinerated.**

**Road accidents, common in Zimbabwe, are blamed on overcrowding of vehicles, poor roads, speeding, poor maintenance and shortages of tires and essential spare parts in the troubled economy.**

<http://www.foxnews.com/world/2013/10/30/21-people-heading-to-funeral-killed-in-truck-ethanol-fuel-tanker-collision-in/>

# ***GMO fuel ethanol stinks***

**CAPP contact: Charlie Peters**

# Children of the corn subsidies

By Debra J. Saunders, San Francisco Chronicle, 17-Dec-13

Sen. Dianne Feinstein, D-Calif., and Tom Coburn, R-Okla., are about as opposite politically as two people can be. Nonetheless, last week they joined forces to introduce a bill to repeal the federal requirement to blend corn ethanol into gasoline.

There's something in the ethanol mandate for almost everyone - but corn farmers - not to like. Supporters of the mandate meant well, but the law of unintended consequences has created an odd assortment of anti-ethanol bedfellows.

Environmentalists have turned on corn ethanol. It doesn't reduce greenhouse gases, they now say, and increased corn production has pumped more fertilizer into the water supply. Environmental Working Group Vice President Scott Faber told Congress that the corn ethanol Renewable Fuel Standard "is polluting America's air and water, contributing to climate change, hurting consumers and hindering the development of cleaner biofuels."

Big Oil doesn't like the ethanol standard. Federal automobile fuel-efficiency regulations have put a dent in the demand for gasoline.

Oil companies already buy enough ethanol to blend 10 percent of it into gasoline; they are up against a "blend wall" - they have to buy more ethanol than they can use.

Big Food doesn't like the ethanol mandate; diverting roughly 44 percent of the corn supply to gas tanks has driven up the cost of livestock feed and people food. PricewaterhouseCoopers predicts the current renewable-fuel standards will increase costs to chain restaurants by up to \$3.1 billion per year.

Antipoverty activists oppose the ethanol standard because of its effect on food prices and food supply. Oxfam America charges that the 2007 regulation has resulted in a 15 percent reduction in global corn supplies. The Competitive Enterprise Institute and Taxpayers for Common Sense support the Feinstein-Coburn Corn Ethanol Mandate Elimination Act of 2013.

According to conventional political wisdom, the Iowa presidential caucus has given ethanol an outside advantage inside Washington. But the Environmental Working Group's Faber believes that theory doesn't hold water anymore.

Former GOP nominees John McCain and Mitt Romney both opposed the scheme.

While voters in the Hawkeye State may support the Renewable Fuel Standard, Faber added, "corn ethanol is unbelievably unpopular" in three key primary states. In New Hampshire, voters blame it for engine damage. In South Carolina, it drives up the cost of raising chickens. There's "not a lot of corn grown in Nevada," but there is livestock.

In response to the growing resentment of the program, the EPA has proposed reducing the Renewable Fuel Standard's biofuels requirement in 2014. That's too little, too late. Feinstein predicts that under the proposed EPA regulations, gasoline prices still would rise, and California dairy farms still would struggle to stay in business.

Maybe there was a time when Washington's ethanol policies seemed smart and green. Now they carry the stench of failed ranches, high food prices and unnecessary environmental damage. So Congress should clean up after its mistake - and quickly.

Debra J. Saunders is a San Francisco Chronicle columnist. E-mail: [saunders@sfnchronicle.com](mailto:saunders@sfnchronicle.com)

<http://www.sfgate.com/opinion/saunders/article/Children-of-the-corn-subsidies-5069954.php>

***A CA random Smog Check "secret shopper" audit, BP-DuPont alcohol waiver & elimination of dual fuel CAFÉ credit can cut mobil fleet toxic impact over 50% in 2014***

***CAPP contact: Charlie Peters***

<http://www.wntradio.com/news/news.php/displayType/article/15053/2013/12/sessions-vitter-demand-accounting-of-taxpayer-funds-wasted-on-epas-unnecessary-ozone-proposal>

December 18, 2013

CARB held the California Public hearing on ozone and Clean Air Performance Professionals (CAPP) used ethanol waiver as a ozone reduction method in our presentation to the fed EPA

CAPP's presentation also covered the confusing policy that gave a \$625,000 fine for baking bread that released ethanol that increased ozone was an example of EPA policy that mandated ethanol in the gas to reduce ozone. WHAT?

The conversation between the male lawyer of the panel with the honorable Gary Condit in early 2001 about bipartisan HR 52 to relieve California from federally mandated year-round gasoline oxygenate requirements while preserving the full benefits of California reformulated gasoline program was used as support for ozone reduction.

Is it time for California AG to have an ethanol waiver conversation with EPA?



Charlie Peters

**CAPP contact: Charlie Peters**

# Exit ethanol?

*By Steve Williams, Opinion, Daily Press, 21-Dec-13*

Once upon a time, and not so long ago, the greenies were so proficient at doom-saying, and energy costs were so alarmingly rising, that even ethanol was viewed as a necessary hedge against the threat of global warming.

The threat seemed so real that Congress, always skittish when it comes to the vociferous left's demands, passed a law that mandated the blending of corn ethanol with fuel supplies.

The manufacture of corn ethanol was subsidized, and federal law requires oil producers to blend increasing amounts of alternative fuels into gasoline supplies each year. But corn ethanol, for all practical purposes, was the only "alternative" available in enough bulk to meet the mandate. This year corn ethanol will account for 83 percent of the required 16.55 billion gallons of renewable fuels producers must use.

This has all become yet another big government boondoggle. It started with the Energy Policy Act of 2005, which mandated the blending, and the required amount grew almost yearly. But now, at long last, the light is beginning to dawn in Congress. In the face of markedly lower energy costs due to creative exploration of, and higher production of fossil fuels — especially natural gas, which is already easing the demand for oil-based energy supplies — ethanol has begun to be seen as a waste, an expensive alternative.

Even the Environmental Protection Agency is coming around. It wants to cut next year's mandated levels of biofuel use, because the nation

has reached a practical limit on the amount of ethanol oil producers can blend into gasoline. Sticking with the higher amounts in the mandate would require refineries to turn out gas containing more than 10 percent ethanol

— yet that formula risks damage to car engines. And of course, higher production of corn ethanol means less corn is available for use in the world's food supply. Chickens eat corn and produce eggs, cattle eat corn and become steaks. Less corn for them means higher prices for chickens and steaks for the world's tables. Corn went for about \$2 a bushel when the mandate started in 2005, and has been hovering around \$7 a bushel for most of this year. Turning food into gasoline never made any sense, anyway.

So it is highly encouraging to note that Dianne Feinstein, California's senior senator and a Democrat, and Sen. Tom Coburn, an Oklahoma Republican, have introduced a bill to eliminate the corn ethanol mandate. And who's having a cow (pun intended) over this? Iowa, mainly, where more corn grows than anywhere else in the country, and which produces more ethanol than anywhere in the world except Brazil. Naturally, Iowa's senior senator, Chuck Grassley, is pressuring the EPA to change its mind. Let's hope he fails.

Eliminating the mandate makes eminent good sense, something that's been missing from national politics since the arrival of Obama. Let's hope the movement grows (yep, pun intended again).

<http://www.vvdailynews.com/articles/threat-44160-ethanol-costs.html>

*I'm confused, is our drinking water checked for ethanol?*

CAPP contact: Charlie Peters

# If only our energy dollars made sense

*By Jerry Shenk, Patriot-News Op-Ed, December 23, 2013*

On Dec. 12, 10 U.S. Senators introduced a bipartisan bill eliminating the corn ethanol motor fuel mandate, arguing that using corn ethanol “raises the cost of food and animal feed and damages the environment.”

By doing so, they aligned themselves with most Americans, including Al Gore, who agree that corn ethanol is an undesirable energy alternative.

The Senate bill will face headwinds in both chambers, because the campaign war chests of both Democratic and Republican members benefit from subsidizing alternatives.

In fact, the Senate bill supports the development of other “advanced biofuels.”

Undeterred by the failures and shortcomings of corn ethanol, politicians and special interests tell us that a newer ethanol scheme, biomass technology, shows promise.

America uses about 350 million gallons of gasoline a day.

In it, bacteria would be used to break down non-food sources of organic material like switch grasses, sawdust, agricultural by-products, leaves and seaweed, among others, to make cellulosic ethanol.

Granted, America is biomass rich. Farmers and the lumber industry generate tremendous amounts of organic waste. America has lots of prairie on which to grow grass and vast oceans off its continental, Alaskan and Hawaiian coastlines.

But, just like corn ethanol, biomass fuel has serious problems. Significantly, it would take nearly one-and-one-half times the equivalent volume of cellulosic ethanol to produce the same amount of energy as gasoline.

The Department of Energy reports that it takes a dry ton of biomass to produce as little as eighty to 100 gallons of cellulosic ethanol.

America uses about 350 million gallons of gasoline a day.

If we wished to produce just half of our current gasoline needs, diesel-fueled trucks would have to move 2.2 to 3.5 million dry tons of biomass daily from many thousands of sourcing sites over millions of square miles to cellulosic ethanol refineries, adding significantly to the demand for refined fuel just to deliver the raw materials needed to produce a product inferior to gasoline. And harvesting, converting and refining biomass will consume even more energy.

Ethanol cannot be transported in pipelines, so about 175 million gallons or more of cellulosic ethanol would then have to be transported to blending stations daily in diesel-fueled tank trucks or rail cars.

Biomass also faces technical challenges.

There is currently no known cost-effective, mass-producible enzyme capable of breaking down complex fibrous cellulose molecules. Scientists may solve the problem, but there remain serious environmental concerns with the micro-organisms. If a

cheap enzyme becomes available, imagine the damage an energy-hungry world population and irresponsible governments could do to the globe's forests, fields and oceans – and their fauna .

Unsurprisingly, although commercially unavailable, like corn ethanol, there's a compliance-impossible federal volume mandate for using cellulosic ethanol with fines for not blending it, the costs of which consumers are paying in fuel prices.

Industry lobbyists, biofuel groups like the Renewable Fuels Association whose president has threatened legal action over ethanol mandate reductions, and alternative energy policy beneficiaries reward Congress for political "solutions." They need high petroleum prices, knowing that, if those were to fall, alternate sources of energy would be even less competitive and the government subsidies and usage mandates they depend upon impossible to justify.

But, politicians enjoy tinkering in energy distractions that are largely relevant only in the problems they create and the campaign donations they produce.

As in any market, we could all benefit from lots of energy providers and products competing with oil. However, the profit

motive provides sufficient incentive to develop legitimate alternatives to petroleum.

If alternatives aren't technically feasible or market-competitive, throwing billions of additional tax dollars at grant-driven researchers and marginally-relevant alternatives already sponging off American taxpayers and consumers won't improve energy independence.

Any alternative to hydrocarbon-based sources which is economically viable and competitive in energy markets would be made available by "greedy" private investors without government subsidy.

It's only government-enforced taxpayer "investment" in these alternatives that attracts private money interests. The real greed lies, mutually, in private "investors" chasing public funds for private profit with the complicity of bought politicians.

Ethanol is an insiders' game, a closed loop, cronyism writ large: politicians and special interests are playing taxpayers and consumers for suckers on liquid pork.

Ironically, if automobiles could run on hot air or (expletive deleted), there wouldn't be a gas station within a hundred miles of Washington, DC.

*Jerry Shenk is a PennLive/Patriot-News community columnist. His work appears biweekly on PennLive. Readers may email him at [jshenk2010@gmail.com](mailto:jshenk2010@gmail.com).*

[http://www.pennlive.com/opinion/index.ssf/2013/12/if\\_only\\_our\\_energy\\_dollars\\_made\\_sense\\_jerry\\_shenk.html](http://www.pennlive.com/opinion/index.ssf/2013/12/if_only_our_energy_dollars_made_sense_jerry_shenk.html)

***The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax for BP-Shell welfare? Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?***

**CAPP contact: Charlie Peters**

## **Ethanol From Corn Scraps Plant Starting In 2014**

*by Associated Press, KDLT NEWS, Dec. 23, 2013*

**An ethanol plant that will make the fuel from corn cobs, leaves, and husks is on track to start production early next year.**

**The plant located in Emmetsburg is a joint venture of Sioux Falls, S.D.-based POET and Royal DSM, and a biotech company based in the Netherlands. It is designed to make 20 million gallons of cellulosic ethanol per year.**

**POET-DSM Board President James Moe says testing of each part of the process is required because it's new technology. That will soon begin.**

**Hiring has begun with postings including jobs for a lab technician, material handlers, and an accountant.**

**Farmers in a 40-mile radius harvested 100,000 tons of corn plant material this fall to operate the refinery through next fall.**

**Farmers are already signing contracts for 2014 harvest.**

[http://www.kdlt.com/index.php?option=com\\_content&task=view&id=32364&Itemid=57](http://www.kdlt.com/index.php?option=com_content&task=view&id=32364&Itemid=57)

***The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax. Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?***

**CAPP contact: Charlie Peters**

# Jet Fuel by the Acre

By *TODD WOODY, The New York Times, December 24, 2013*

SAN DIEGO — In an unmarked greenhouse, leafy bushes carpet an acre of land here tucked into the suburban sprawl of Southern California. The seeds of the inedible, drought-resistant plants, called jatropha, produce a prize: high-quality oil that can be refined into low-carbon jet fuel or diesel fuel.

The mere existence of the bushes is an achievement.

Hailed about six years ago as the next big thing in biofuels, jatropha attracted hundreds of millions of dollars in investments, only to fall from favor as the recession set in and as growers discovered that the wild bush yielded too few seeds to produce enough petroleum to be profitable.

But SGB, the biofuels company that planted the bushes, pressed on. Thanks to advances in molecular genetics and DNA sequencing technology, the San Diego start-up has, in a few years, succeeded in domesticating jatropha, a process that once took decades.

SGB is growing hybrid strains of the plant that produce biofuel in quantities that it says are competitive with petroleum priced at \$99 a barrel. Oil is around \$100 a barrel.

Call it, as SGB does, Jatropha 2.0.

The company has deals to plant 250,000 acres of jatropha in Brazil, India and other countries expected to eventually produce about 70 million gallons of fuel a year. That has attracted the interest of energy giants, airlines and other multinational companies

seeking alternatives to fossil fuels. They see jatropha as a hedge against spikes in petroleum prices and as a way to comply with government mandates that require the use of low-carbon fuels.

“It is one of the few biofuels that I think has the potential to supply a large fraction of the aviation fuel currently used today,” said Jim Rekoske, vice president for renewable energy and chemicals at Honeywell, who has visited the company’s jatropha plantations in Central America.

Mr. Rekoske and biofuel analysts say SGB’s biggest challenge will be to replicate the yields it generates in the greenhouse on a commercial scale.

“Given that this crop has somewhat of a checkered past, ultimately getting growers to plant the crop is going to be the key hurdle,” says Michael Cox, an analyst at Piper Jaffray.

At the greenhouse, the fruits of SGB’s technology are apparent. A typical wild jatropha bush will produce a cluster of six to eight seed-bearing fruits, according to Robert Schmidt, a specialist in corn genetics who is SGB’s chief scientist. He picked up a grapefruit-size cluster growing on a hybrid jatropha plant and counted 37 fruits. “We have examples in Guatemala where we have 60 fruits in a cluster,” Dr. Schmidt said.

*SGB’s success at improving jatropha seed yields by as much as 900 percent persuaded a consortium that includes Airbus, BP and the Inter-American Development Bank to*

*sign a deal with the company to plant 75,000 acres of jatropha in Brazil. The consortium, called JetBio, aims to develop sources of biofuel for the airline industry as the European Union, Australia and other countries impose caps on aviation carbon emissions.*

**“The demand is huge — every single airline would like to be flying on biofuel today,”** Rafael Davidsohn Abud, JetBio’s managing partner, said in an email.

Jatropha’s value as a cash crop, though, may pale compared with a potential genetic gold mine SGB has begun to discover, identifying traits, for instance, that make certain strains of the plant resistant to extreme heat or cold.

**“If you figure out how to do heat tolerance for corn or soybeans, what is that trait worth as climate change accelerates?”** asked Arama Kukutai, managing director at Finistere Ventures, a San Diego venture capital firm that has invested in SGB.

For now, SGB plans to license its technology to energy companies. But the company is securing patents on its hybridization process, creating a technology platform that can be deployed to discover genetic traits in other agricultural crops.

For instance, in November SGB signed a deal with the Yulex Corporation to use its molecular breeding technology to increase the yields of guayule, a wild plant harvested as a replacement for petroleum-based rubber.

The technology also could be used to domesticate wild fruits and vegetables, company scientists said. They said the technology has the potential to unleash a new green revolution for a world that will need to grow 70 percent more food by 2050,

according to the United Nations, as agricultural productivity is slowing,

The seeds of Jatropha 2.0 were planted in fall of 2008. That year, early on Sept. 15, a Monday, Kirk Haney, SGB’s chief executive, went into the living room of his San Diego home to prepare for what was to be a watershed week for his year-old start-up. That Friday, SGB was set to close a \$200 million round of financing from European investors.

**“I turned on CNBC and Lehman Brothers had just failed and the Dow was plummeting,”** said Mr. Haney, 42, a technology entrepreneur with the laid-back demeanor and looks of a longtime California surfer.

SGB intended to use its financial windfall to plant sprawling farms around the world. Two days after Lehman fell, though, the investors had pulled out, forcing Mr. Haney and a team of top plant geneticists he had recruited from the University of California at San Diego to devise a new strategy.

Dr. Schmidt, SGB’s chief scientist, had already concluded that jatropha showed little genetic diversity — a big roadblock to their plan because it would be difficult, if not impossible, to increase seed yields if all jatropha plants were essentially clones of one another.

Most jatropha bushes are descendants of plants grown on Cape Verde, an archipelago off Africa’s west coast. Cape Verde became the epicenter of jatropha farming 300 years ago, and a single strain of the plant, then valued as living fence to corral livestock, was exported to tropical regions around the globe. As Dr. Schmidt combed the scientific literature on jatropha, he stumbled across a reference to an obscure 30-year-old paper by the botanist Bijan Dehgan.

Dr. Dehgan had devoted his career to studying jatropha. He traveled the world collecting and cataloging the 175 species of the plant, speculating that the species originated in Central America.

Following up on Dr. Dehgan's thesis that Guatemala was a jatropha Eden, Dr. Schmidt went to Central America and began analyzing the genetic makeup of the plants there. "It was absolutely spectacular the amount of genetic variation that we collected from the center of origin," he said.

That discovery coincided with a plunge in the cost of DNA sequencing that has allowed SGB scientists to rapidly identify the most genetically diverse and productive plants and crossbreed them. It also lets them pinpoint profitable individual traits and mutations, like heat or cold resistance.

It costs SGB \$350 to genetically map a single jatropha line to look for valuable mutations, a price that will drop to \$50 in 2014.

The price five years ago? About \$150,000, according to Eric Mathur, SGB's chief technologist. The machine that does the mapping cost \$250,000 and is in SGB's laboratory in a suburban San Diego office park.

About the size of a small microwave oven, it is called a semiconductor sequencer and can

map 10 to 15 plant lines at a time. It automatically compares those sequences with a master jatropha genome, which SGB spent \$250,000 to create, to identify genetic variations that might indicate desirable traits.

"You simply could not do this three years ago without a really high cash flow out the door," Mr. Mathur said.

To domesticate a wild plant, scientists traditionally crossbred two promising lines and hoped for the best, waiting for them to flower to see if the hybrid proved viable. The process could last for years if not decades.

SGB's technology allows its scientists to identify potentially productive hybrids in the laboratory at the molecular level before the plants are crossbred.

"This used to be a 10-year discovery process," Mr. Mathur said. "It's more like a 10-month process now."

Much of the hard molecular biological work is done, Mr. Haney said, giving SGB a five-year head start over any agriculture giant that might try to replicate its success.

"It doesn't matter how much money you have," he said. "You can't make cells divide quicker."

*A version of this article appears in print on December 25, 2013, on page B1 of the New York edition with the headline: Jet Fuel by the Acre.*

[http://www.nytimes.com/2013/12/25/us/politics/california-government/start-up-boosts-agriculture.html?pagewanted=2&\\_r=1&partner=yahoofinance](http://www.nytimes.com/2013/12/25/us/politics/california-government/start-up-boosts-agriculture.html?pagewanted=2&_r=1&partner=yahoofinance)

***The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax for BP-Shell welfare? Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?***

***CAPP contact: Charlie Peters***

# Ethanol use driving up gas prices

*Opinion, Lancaster Eagle Gazette, December 25, 2013*

Dysfunction in the federal government may be at an all-time high, but lawmakers are finding bipartisan unity regarding one goal: repeal of the ethanol fuel mandate.

U.S. Sen. Tom Coburn, R-Okla. has teamed with Sen. Dianne Feinstein, D-Calif., to author legislation repealing the federal mandate that requires an ever-increasing amount of ethanol-blended fuels in the U.S. supply, regardless of actual consumer demand, market realities or real-world negative consequences.

The federal Renewable Fuel Standard requires that 35 billion gallons of ethanol-equivalent biofuels and 1 billion gallons of biomass-based diesel be refined by 2022. This was never a great idea — it would be far better to allow consumer preference and market demand to hold sway — but at least when the mandate was originally imposed, officials had reason to believe U.S. fuel consumption would continue increasing and domestic oil production would decline.

That hasn't been the case.

In 2007, U.S. gasoline consumption totaled around 145 billion gallons; this year's consumption is expected to be closer to 120 billion gallons. Thanks to the fracking revolution, domestic production of oil has surged and imports have declined by more than 72 percent since 2005.

To meet the current mandate under those conditions could force production of gasoline with up to 15 percent ethanol instead of the current 10 percent blend. Most auto manufacturers warn that E-15 fuel will damage engines and void a car's warranty. A study by the economic consulting firm NERA also found mandating E-15 could increase the cost of gasoline by up to 30 percent by 2015.

Feinstein was blunt in her assessment of the ethanol mandate's impact, noting it has caused roughly 44 percent of U.S. corn to be diverted from food to fuel, increasing consumer food costs. She declared the mandate is damaging the environment.

That last statement may surprise many, since ethanol was touted as a "green" fuel that would reduce global warming. But Paul Driessen, senior policy adviser for the Committee For A Constructive Tomorrow, notes, "We are already plowing an area bigger than Iowa to grow corn for ethanol — millions of acres that could be food crops or wildlife habitat."

The ethanol mandate was enacted to solve a problem that no longer exists and is harming the environment. It's creating financial hardship for citizens without offsetting benefits. The lawmakers from both political parties recognize this reality and support the mandate's repeal is reason to cheer.

<http://www.lancastereaglegazette.com/article/20131225/OPINION04/312250009/Ethanol-use-driving-up-gas-prices>

*The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax. Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?*

CAPP contact: Charlie Peters

# China Rejects 2,000 Tons of U.S. Corn Byproduct

*Quality Watchdog Turned Shipment Back After Detecting Genetically Modified Corn Strain by Yue Li, Wall Street Journal, December 27, 2013 4:59 a.m. ET*

SHANGHAI—China is stepping up scrutiny of corn and related products at ports to cut off imports of unapproved genetically modified grain, with a shipment of a corn byproduct being the latest cargo to be turned back.

The Shanghai branch of the General Administration of Quality Supervision, Inspection, and Quarantine rejected some DDGS shipments from the U.S. this week because they were found to contain MIR162, the agency said in a notice on its website, without indicating how big the shipment was.

The authorities rejected around 2,000 tons of distillers dried grains with solubles—or DDGS, produced when corn is processed into ethanol—from the U.S., according to a Beijing-based trader at a foreign firm.

The animal feed was turned back after the rejection of more than 665,000 metric tons of corn shipments from the U.S. since November, also because of the presence of MIR162, an insect-resistant, genetically modified strain of corn developed by Swiss biotechnology company Syngenta AG SYNN.VX +0.60% that is permitted in the U.S., Japan, and Europe but not in China.

The quarantine and inspection agency said all local branches have been advised to examine "every single shipment" of feed to detect unapproved genetically modified strains, including MIR162. Once found, such cargoes will either be returned or be disposed of, according to the notice.

The rejected corn and DDGS shipments are of special concern for U.S. producers in light of a bumper harvest of corn this year, with China having emerged as a significant buyer over the past couple of years. The U.S. Department of Agriculture has forecast China would triple its imports of the grain to seven million tons in the marketing year that began Oct. 1, though this was before the rejections began mounting.

China has been an important outlet for DDGS thanks to its relatively low cost. Shanghai JCI is

lowering its projection for DDGS imports in 2013-14 to about four million tons from its original estimate of six million tons in view of the repatriation of U.S. shipments, said Zhang Yan, an analyst with the industry information provider.

Shipments of U.S. DDGS to China have risen steadily since 2008, and have seen especially rapid growth over the past two years thanks to lower prices, she added.

Reduced shipments of corn and its byproduct could hurt international prices, which fell sharply this summer when traders turned bearish on the grain as a result of favorable weather forecasts.

Front-month corn at the Chicago Board of Trade fell 1.9% to \$4.2625 a bushel Thursday, well below the mid-July level above \$7 a bushel.

Given the latest rejection, "we don't think it's going to be a short-term matter anymore," Shanghai JCI's Zhang Yan said. "Shipments from the U.S. will only normalize after China approves [MIR162]."

China is carrying out a safety assessment for genetically modified corn strains, Vice Agricultural Minister Niu Dun said last week.

The official Xinhua news agency said early this month that Syngenta had reapplied in November to import MIR162 after previous applications were turned down due to insufficient material. But after years of keeping the doors closed to GMO corn, China has begun to open them, at least a crack.

Chinese authorities approved 60,000 tons of genetically modified Argentinean feed corn for import this summer, the Ministry of Agriculture said in August.

Chinese feed mills are looking to rapeseed meal as a substitute for DDGS in case the flow of the corn byproduct is drastically reduced. Rapeseed meal futures on the Zhengzhou Commodity Exchange rose 2.4% Friday to hit a seven-month high of 2,629 yuan (\$433.50) a ton.

# China rejects shipments of genetically modified corn

*By Ricardo Lopez, Los Angeles Times, December 27, 2013*

China rejected two shipments -- almost 546,000 tons -- of U.S. dried distillers' grain, a corn byproduct, because it contained genetically modified material, state media reported Friday.

China's top food-quality watchdog rejected the two shipments because they contained MIR162, a special insect-resistant variety of maize developed by Syngenta, a Swiss maker of seeds and pesticides.

The first shipment, 545,000 tons, was rejected last week in Shanghai, state media said. The second shipment, 758 tons, was rejected Monday.

MIR162 is not on the Chinese government's short list of approved grains considered genetically modified organisms, or GMO.

Still, Chinese consumers remain wary of GMO crops and some nationalist-leaning pundits have suggested the Western-dominated technology leaves China's food supply vulnerable.

The U.S. is the world's largest corn exporter and China is its No. 3 customer. The Asian nation is expected to buy a record 7 million tons of corn in the 2013-14 marketing year.

Chinese authorities said the shipments have been returned and are urging American officials to improve their "inspection procedures to ensure they comply with Chinese quality standards."

<http://www.latimes.com/business/money/la-fi-mo-china-rejects-shipment-of-gmo-corn-20131227,0,2126813.story#axzz2oh2hC2CV>

## GMO fuel ethanol stinks

CAPP contact: Charlie Peters

# Ethanol isn't green, isn't efficient, and shouldn't be subsidized

By *Burton A. Abrams, Daily Caller, December 27, 2013*

My new Mercury outboard motor came with the following warning: "It is recommended that only alcohol-free gasoline be used where possible." Gasoline blended with ethanol, an alcohol, does some nasty things to small motors. It corrodes metal, deteriorates plastic and rubber parts and creates difficulties with starting and operating the motors. Fuel lines have been known to leak, causing obvious dangers to operators. Where's the Consumer Protection Agency when you need it? Not only won't the government protect us consumers, it caused the problem.

Government legislation mandates the blending of ethanol into most gasoline sold in the United States and has set ever increasing amounts of ethanol to be phased in over time. This policy is an ill-advised attempt to reduce U.S. dependence on oil and to shift automotive fuel to a renewable source. Mandating the use of ethanol imposes more costs than benefits, including hidden costs on consumers that hit the poorest members of society worst, and provides billions of dollars in lucrative business to grateful campaign-donating special-interest groups. Making matters worse, supporters of ethanol make highly questionable claims about its environmental benefits. Ethanol's got to go.

Ethanol can be made from various plant materials, but in the U.S. ethanol is made primarily from corn. In 2012/2013, approximately one-third of the U.S. corn crop

went into ethanol production. U.S. annual production of ethanol has surged since 1998, increasing from slightly over one billion gallons to over 13 billion gallons in 2012. This surge in production and consumption is the result of state and federal mandates requiring it to be blending with gasoline.

The ethanol mandate has increased food prices, as the surge in demand from ethanol production has raised corn prices and corn profitability. Lands previously planted with other grain crops have been shifted into corn production, lowering supplies of other grains and raising their prices. Livestock that feed on higher-priced grains have had their costs of production and prices go up as well. These higher prices for food items are a "tax" on consumers — financial burdens that fall disproportionately on lower-income families whose budgets are heavily weighted towards food items. One nice benefit to politicians is that explicit agricultural crop subsidies have fallen as grain prices have gone up. In essence, the government has been able to legislatively shift the burden of the agricultural subsidy programs off the budget and onto consumers in the form of higher food prices.

The environmental benefits of corn-based ethanol are in doubt. While ethanol is an oxygenate that allows for the cleaner burning of gasoline, it comes with various other environmental costs. The environmental costs to manufacture and distribute ethanol

are usually neglected by its proponents; increased grain output requires the use of more fertilizers, insecticides and ground water. Agricultural water runoff also imposes environmental costs, as does the diesel and gasoline farm machinery requires to grow corn. Ethanol is costly to transport since it is unsuitable for most pipelines, requiring other types of ground transportation that use fossil fuels as well. Drivers using gasoline blended with ethanol find their cars' miles-per-gallon fall, so more gallons of blended gasoline are needed for traveling any given distance. All told, the environmental costs from using corn-based ethanol may be higher than using straight gasoline.

While the corn-based ethanol program wastes economic resources and redistributes incomes often in socially undesirable ways, it is a hard program to kill. Beneficiaries such as corn farmers and ethanol manufacturers are a formidable lobbying group adamant about keeping their regulatory spoils. As former U.S. Senator John E. Sununu said, "Political pandering comes in all shapes and sizes, but every four years the presidential primary bring us in contact with its purest form — praising ethanol subsidies amid the corn fields of Iowa." Under these circumstances, perhaps the public's only hope is for the Consumer Protection Agency to identify the ethanol mandate as a public danger and ban it. But don't hold your breath.

<http://dailycaller.com/2013/12/27/ethanol-isnt-green-isnt-efficient-and-shouldnt-be-subsidized/>

*Will California State Senate confirm a Department of Consumer Affairs / Bureau of Automotive Repair (DCA/BAR) Chief who will make sure (Partial) Zero Emissions Vehicles (PZEV) that fail Smog Check get fixed. Smog Check secret shopper audits would cut California's smog by 1500 tons per day, this will reduce the cost impact to Californians by \$billions\$.*

CAPP contact: Charlie Peters (

# Ethanol loses friends and influence as reform movement grows

*By Javier E. David, CNBC, 29 December 2013 | 9:00 AM ET*

Ethanol requirements for U.S. gasoline appear to be losing friends and influencing the wrong people, with calls growing to reform or scrap the government mandates altogether.

The Environmental Protection Agency in November proposed reducing the amount of renewable fuels, including corn-based ethanol, that oil refiners must blend with gasoline. The rule is a centerpiece of government efforts to curb carbon emissions, while jump-starting alternative forms of energy.

The draft rule would impact the 2014 requirement for renewables to fall between 15 billion and 15.52 billion gallons from 18.15 billion gallons. But the proposal to reduce ethanol requirements for 2014 has done little to quell the groundswell of complaints about the practical effects of using corn-based fuel in America's gasoline supply.

Earlier this month, California Democrat Dianne Feinstein joined forces with Oklahoma Republican Tom Coburn to introduce a Senate bill to strip ethanol completely from the Renewable Fuel Standard, also known as RFS. Although Feinstein continues to champion renewable fuel, she has expressed concerns that excess corn-based fuel production — mainly due to the RFS requirements — is "really not wise," and that the standards may hurt the Golden State's livestock producers.

The bipartisan nature of that bill, combined with the EPA's proposal, sent corn futures reeling on the Chicago Board

of Trade in early December.

Not surprisingly, biofuel advocates have had much to say about this potential shift — almost none of it positive..

"This bill from Senators Feinstein, Coburn, and their co-sponsors is short-sighted and demonstrates a failure to understand how the renewable fuel industry works," said Fuels America, an advocacy group that supports the Renewable Fuel Standard, in a statement.

"This measure would strand billions of dollars already invested in advanced fuels; undermine research and development; and threaten thousands of potential jobs," the group said. The Senate measure, if passed, would "kill the promise" of biofuels, Fuels America said in the statement.

Ethanol lies at the heart of a tangled nexus of special interests, pitting farmers against energy producers. Although biofuel mandates have enjoyed wide backing in Washington since they first were introduced in 2007, the complicated and expensive mechanics of enforcing the Renewable Fuel Standard have emboldened opponents, who want to kill the ethanol requirements.

In the absence of more advanced biofuels, which have failed to take off as promised, farmers have churned out corn-based fuel sources in anticipation federal mandates would create a captive market. In October, ethanol production surged to the highest level in more than 16 months, amid record corn crops and lower gasoline demand overall.

The biofuel industry is poised to churn out more than 13.4 billion gallons of corn-based ethanol in 2013, helped by a record amount of U.S. corn crop production in 2013, according to Bloomberg New Energy Finance, an energy think-tank.

Against the backdrop of rising ethanol stocks and falling gasoline demand, the EPA proposed a lower biofuel quota for 2014. It was a small victory for the petroleum industry, but a far cry from resolving what some analysts say is a fundamental problem with the renewable requirement.

They contend there's simply too much renewable fuel amid insufficient demand. The Energy Information Administration's most recent short-term energy outlook projects that in 2013-2014, motor fuel consumption will be flat to marginally higher.

Todd Becker, Green Plains Renewable Energy CEO says ethanol is experiencing a resurgence and explains his bullish stance.

"Thanks to the RFS and the renewable fuel mandate in it, we use about 2.5 times more ethanol than needed in the U.S.," said Alejandro Zamorano, an analyst with Bloomberg New Energy Finance.

Playing out in the background are the high costs of fuel-mandate compliance to refiners. The market price for Renewable Identification Numbers (RINs), the credits

<http://www.cnbc.com/id/101297359>

*The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax. Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?*

CAPP contact: Charlie Peters

refiners use to meet their biofuel quotas, are only just starting to come down from a record high set earlier this year.

Elevated RIN prices, oil and gas producers say, force refiners to pass the costs along to consumers in the form of higher prices at the pump.

"The EPA can adjust standards down ... but long term we need Congress to provide a permanent fix," said Bob Greco, downstream group director at the American Petroleum Institute, which has called for a full repeal of RFS.

Calling concern over ethanol standards "bipartisan," API's Greco added that "it's not the oil industry versus ethanol industry. There's a growing chorus of diverse groups that want to affect change."

Those groups include AAA—the motorist group that calls RFS targets "unreachable," even as it voices support for alternative energy sources. Meanwhile, advocacy group Smarter Fuel Future has issued a call on its website for Washington to "revisit the failed RFS and enact policies" that take into account the concerns repeatedly associated with clean energy mandates.

The EPA's 60-day period for public comment closes in mid-January next year, when the EPA is likely to announce next steps on any potential changes to ethanol guidelines.

## **Crews respond to fiery ND train derailment**

*CBS 6 Albany AP, 30-Dec-13, 04:59 PM EST*

CASSELTON, N.D. (AP) -- Officials say emergency crews are responding to a fiery train derailment near the eastern North Dakota town of Casselton.

Cass County Emergency Manager Dave Rogness says the derailment was reported about 2:30 p.m. Monday less than a mile from the city.

Rogness says residents have been told to stay indoors as a precaution. He says there have been no reports of injuries to the train crew or residents.

Rogness says crews on scene are reporting as many as a dozen rail cars carrying ethanol or oil left the tracks. Some of them burst into flames.

Rogness says the derailment occurred near the city's ethanol plant.

<http://www.cbs6albany.com/news/features/top-story/stories/crews-respond-to-fiery-nd-train-derailment-13083.shtml>

*The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax. Is it time for CA AG Kamala Harris EPA ethanol fuel waiver conversation?*

**CAPP contact: Charlie Peters**

# Cheerios drops genetically modified ingredients

*By Bruce Horovitz, USA Today, 7:59 p.m. EST January 2, 2014*

Under pressure from consumers and activist groups, General Mills says it will stop using genetically modified ingredients to make its original Cheerios cereal.

While the oats used to make Cheerios have never contained any genetically modified organisms (GMOs), the company did make changes to its sourcing — and now, for example, only uses non-GMO pure cane sugar instead of beet sugar, says spokesman Mike Siemienas.

The change was made "many weeks" ago, says Siemienas, who declined to be more specific on the timing. "We do value our Cheerios fans and we do listen to their thoughts and suggestions," he says, in an e-mail.

Some consumers have health and environmental concerns over the use of GMOs, though there is little scientific proof that products made with GMOs are less safe. The move is being hailed by anti-GMO activist groups as a major victory. It comes at a time activists have been increasingly pressuring American food makers to remove GMOs from all foods — or, at the very least, label all foods that do contain GMOs.

Last year, Whole Foods became the first national grocery chain to require all of its suppliers to label all products that contain GMOs by 2018. In the past year, Chipotle announced plans to phase out GMOs and Kashi is also taking action to phase out GMOs.

But General Mills has no plans to phase out GMOs from its other cereals in the U.S., even though most Cheerios varieties sold in Europe are made without GMOs. "For our other (non-organic) cereals, the widespread use of GM seed in crops such as corn, soy, or beet sugar would make reliably moving to non-GM ingredients difficult, if not impossible," says the company, in a statement.

Even then, the latest action by Cheerios maker General Mills could nudge other big food makers to follow.

"This is a big deal," says Todd Larsen, corporate responsibility director at Green America, a green economy activist group. "Cheerios is an iconic brand and one of the leading breakfast cereals in the U.S." What's more, he adds, "We don't know of any other example of such a major brand of packaged food, eaten by so many Americans, going from being GMO to non-GMO."

One year ago, the group used social media efforts to rally consumers to pressure General Mills to make Cheerios without GMOs. Cheerios was picked, in part, because it's one of the first foods given to many toddlers.

As for the taste of Cheerios, well, that won't change, says Siemienas. "Cheerios remains the same great-tasting, wholesomely good cereal that's been a family favorite for years."

<http://www.usatoday.com/staff/688/bruce-horovitz/>

*The California Department of Motor Vehicles (DMV) collects \$billions\$ using "Wallet Flushing" car tax. Is it time for CA AG Kamala Harris EPA GMO ethanol fuel waiver conversation?*

CAPP contact: Charlie Peters

## **AEC criticizes "60 Minutes" piece for missing the big picture**

*By Advanced Ethanol Council | January 06, 2014*

Brooke Coleman, executive director of the Advanced Ethanol Council, released the following statement today in response to last night's "60 Minutes" piece criticizing the Department of Energy's investments in clean energy.

"By engaging in a petty game of 'gotcha' with Silicon Valley, '60 Minutes' missed the point when it comes to government support for innovation in the energy industry. The U.S. government helps companies get over the hump with new technologies not because they expect to succeed in all cases, but because a small number of successes can fundamentally change the American economy for decades. The Department of Commerce recently found that 'technological innovation' is linked to three-quarters of the country's post World War II economic growth rate. And while implying that clean energy investments are just too costly for the American taxpayer, '60 Minutes' forgets to mention that 75 percent of Department of Energy (DOE) Research and Development dollars have been spent on nuclear and fossil fuel development over the last 60 years. The picture has not changed all that much recently with 50 percent of those funds dedicated to fossil fuels and nuclear over the last decade. Renewable energy received less than 17 percent of DOE R&D expenditures from 2001-2010.

"Leslie Stahl and '60 Minutes' also fail to point out why these programs are so critical to the clean energy sector. These programs don't exist in a vacuum. The federal government has helped the fossil fuel industry develop new technologies, build out infrastructure and make tax free investments for nearly 100 years. The energy space, particularly motor fuels, is not competitive and therefore will not get measurably more efficient and innovative on its own. If there is a story about questionable taxpayer engagement in the energy sector, it should be about why the U.S. taxpayer continues to fund innovation research at multi-national oil companies when we have supported them for a century with grants, loan guarantees, tax loopholes and direct expenditures. At this point the clean energy industry is used to myopic reports on government support for energy innovation. It's just too bad that '60 Minutes' has joined the club."

<http://www.ethanolproducer.com/articles/10610/aec-criticizes-60-minutes-piece-for-missing-the-big-picture>

## **Budget Proposal Moves Safe Drinking Water Program**

*By Amy Quinton, Capital Public Radio, 8-Jan-14*

Last year, the Department of Public Health came under fire for failing to spend almost a half billion dollars to provide drinking water to communities that need it.

Under Brown's budget proposal, the State Water Resources Control Board would run the program in the future.

Jennifer Clary, with Clean Water Action, says she's glad the program will be taken from the Department of Public Health.

"There, the drinking water program was a program, within the division under an agency in a department so it was such a lot of red tape to go through to accomplish things that we just got discouraged," she says.

The proposal transfers \$200-million and almost 300 positions. Brown's budget says programs designed to protect drinking water are managed now by a number of agencies, a situation which reduces their effectiveness.

<http://www.caprado.org/articles/2014/01/08/budget-proposal-moves-safe-drinking-water-program/>

***Oh my, does Nestle check bottled water for ethanol?***

***CAPP contact:***

• *Capital Public Radio, Inc.*  
*7055 Folsom Boulevard*  
*Sacramento, CA 95826-2625*  
*(916) 278-8900, (877) 480-5900, Fax: (916) 278-8989*  
*Contact Capital Public Radio*  
• *Submit a News Tip*

***Amy Quinton***  
*news@capradio.org*

# Brown's budget includes plan to regulate groundwater

By *Tim Hearden, Capital Press, January 10, 2014 11:24AM*

Gov. Jerry Brown's nearly \$107 billion spending proposal includes \$7.8 million for regulating groundwater use and could lead to restrictions in pumping from wells, officials say. The groundwater measures are part of a statewide Water Action Plan proposed in the fall.

**SACRAMENTO** — The nearly \$107 billion spending plan proposed by Gov. Jerry Brown on Jan. 9 includes \$7.8 million for groundwater management and could lead to restrictions on pumping from wells, officials say.

The governor's budget offers \$618.7 million overall to support the Water Action Plan, a 10-point effort over the next five years proposed by California Department of Food and Agriculture secretary Karen Ross and other agency leaders as a way to make do with limited water resources.

The plan includes 10 employees of the State Water Resources Control Board who would "act as a backstop when local or regional agencies are unable or unwilling to sustainably manage groundwater basins," the governor's budget summary explains.

In addition, 12 workers for the Department of Water Resources would continue a groundwater monitoring program and develop an online system for submitting reports that must be filed when a driller works on a well, according to the summary.

The state has constitutional authority to prevent wasteful practices and could determine

that "abuse of a groundwater basin" warrants an order to curtail pumping, said Tom Howard, the state water board's executive director.

"Our real concern is that there may be permanent damage going on in some groundwater basins right now," state Secretary for Environmental Protection Matt Rodriguez told the Capital Press during a conference call with reporters. "Where we're seeing permanent damage ... state action may be warranted."

Rodriguez cautioned that a variety of groundwater basins exist in the state and their conditions vary, and "we're really looking at working with local governments and regional governments" to prevent overdrafts.

But the state's pledge to crack down on excessive pumping from wells serves as a warning to farmers who depend on groundwater as a buffer against state and federal surface water cutbacks in drought years.

The budget proposal comes as Brown has asked Ross and other cabinet members to form a task force to handle preparedness for what officials say is the worst drought in California in nearly four decades. The panel's work

could lead to a formal statewide drought declaration.

In October, Ross, Rodriguez and Natural Resources Secretary John Laird proposed the Water Action Plan, whose long-term measures would include water recycling for potable reuse, promoting conservation and adding water storage capacity, according to a news release.

A portion of that new storage would be achieved by regenerating groundwater basins, upon which 80 percent of Californians at least partly rely for their drinking water, according to Brown's summary. In some areas, groundwater overdraft is causing subsidence, permanent reductions in underground storage capacity, seawater intrusion and other problems, the summary asserts.

The state's attention to groundwater basins pleases environmentalists, including Sierra Club California director Kathryn Phillips.

"Groundwater is something that we haven't monitored very well in this state and we haven't regulated very well and this is a case where more regulation is needed," she told Sacramento's Capital Public Radio.

<http://www.capitalpress.com/article/20140110/ARTICLE/140119985>

*Oh my, does Nestle check bottled water for ethanol?*

CAPP contact:

# Original Cheerios go GMO-free

*January 10, 2014 19:51*

General Mills has decided to remove all GMOs from the original Cheerios recipe, prompting a debate over whether the US reached a turning point in the fight over genetically engineered ingredients.

Last week, General Mills announced it would stop using genetically modified corn starch and sugar cane in its original Cheerios cereal, though the company continues to believe that genetically modified organisms (GMO) in general are safe to eat. Other cereal brands, along with those under the Cheerios label, such as Honey Nut Cheerios, will still incorporate GMOs for the time being.

The decision marks an about-face for General Mills, which has spent millions of dollars opposing GMO labeling initiatives in California and Washington. It's now the largest American company to reject GMOs in one of its brands, which could eventually mean serious consequences for biotech companies like Monsanto and Dupont if other businesses follow suit. In 2013, Ben & Jerry's stated it would remove GMOs from its products, while Chipotle has announced its intention to gradually eliminate genetically modified ingredients from its restaurant menu during 2014.

According to USA Today, approximately 80 percent of food

products in the United States contain some type of GMO, while the Los Angeles Times noted that 93 percent of all soybeans grown in the US are genetically engineered. The same is true for 90 percent of corn.

Although opinion is split on the impact of GMOs on health, a November study indicated that these modified ingredients could be related to a growing number of gluten-related disorders, including intestinal problems, which afflict roughly 18 million Americans. Supporters believe GMOs are essential to building crops that will resist disease, but opponents are wary that engineering seeds in a lab could lead to negative consequences.

Despite opposing viewpoints, multiple polls from 2013 found the American public overwhelmingly in favor of labeling products featuring GMOs. A New York Times survey registered 93 percent support for labeling, while a Washington Post poll ticked even higher with 94 percent.

Efforts to translate that support into action, however, have sputtered. Ballot initiatives in both California and Washington failed to garner majority support despite strong initial support, leading label supporters to accuse multinational corporations of buying the electorate. Companies like Monsanto, Pepsico, and their allies

spent about \$22 million in Washington alone to defeat the initiative, significantly more than the less than \$7 million pro-label groups were able to muster.

Even successful initiatives in Connecticut and Maine risk going nowhere, since their implementation is tied to the passage of labeling laws in at least four other Northeastern states.

With no national labeling laws in place, states are largely left to fend for themselves on the issue. Outside of the US, though, more than 60 countries – Australia, the European Union, and Japan – have established labeling laws, with many countries halting the purchase of some Monsanto products.

This week, a court in Argentina stopped the construction of a Monsanto seed plant in the country on environmental protection grounds. The biotech company has been under fire in Argentina ever since a report by the Associated Press found a link between the pesticides it sells and the country's increased rate of birth defects and cancer.

In spite of opposition, however, Monsanto recently reported an 8 percent rise in profits over the previous year, and expects to grow even more over the course of 2014.

<http://rt.com/usa/cheerios-gmo-free-monsanto-383/>

*Oh my, does Nestle check bottled water for ethanol?*

*CAPP contact: Charlie Peters*

# **Agrochemical companies sue to block anti-GMO law in Hawaii**

*Christopher D'Angelo, Thomson Reuters, January 13, 2014*

Three of the world's largest agrochemical companies have filed a lawsuit in Hawaii to block a law enacted on the island of Kauai in November to limit the planting of biotech crops and the use of pesticides.

DuPont, Syngenta and Agrigenetics Inc, a company affiliated with the Dow AgroSciences unit of Dow Chemical Co, filed suit Friday in U.S. district court in Honolulu. The suit claims the action in Kauai is unconstitutional and seeks an injunction permanently barring enforcement of provisions of the law.

"The ordinance is invalid," Paul Minehart, a spokesman for Syngenta, said in an interview. "It arbitrarily targets our industry with burdensome and baseless restrictions on farming operations by attempting to regulate activities over which counties in Hawaii have no jurisdiction. These activities are already regulated by governmental agencies under state and federal laws."

The Kauai law requires large agricultural companies to disclose pesticide use and GMO crop plantings while establishing buffer zones around schools, homes and hospitals.

Kauai County Councilman Gary Hooser, who co-introduced the bill in June, said the county was asking for basic disclosure and buffer zones and

the big agrochemical companies were simply trying to bully islanders. The measure has broad support on the island and on the mainland United States from organizations and individuals who say heavy pesticide use by the agrochemical companies is poisoning people and the environment.

"They chose to use their money and legal power to bully us in the courts," Hooser said. "These companies do not want our county to set a precedent that other communities are going to follow."

A similar measure has been introduced on the island of Maui. And in December, Hawaii Island Mayor Billy Kenoi signed into law a measure that prohibits biotech companies from growing any new genetically modified crops on that island.

The Hawaiian islands are a popular testing ground for biotech crops for many companies due to a favorable year-round climate.

Syngenta leases 3,000 acres on Kauai, DuPont Pioneer leases about 5,000 acres and Agrigenetics leases 3,500 acres for two farms on Kauai, according to the lawsuit the companies filed.

The companies grow a mix of biotech seed crops, including corn, soybeans,

canola and rice. The temperate climate of Kauai gives the companies "the invaluable opportunity to triple or quadruple the pace of development of GM crops," and is "crucial" to the companies' success, the lawsuit states.

If the companies are forced to disclose the location of their biotech crop fields, they face increased risk of "commercial espionage, vandalism, and theft," they said in the lawsuit. And they say that adhering to buffer zones will hurt them economically because they will lose land for seed production.

The battle in the Hawaiian islands over biotech crop development and related pesticide use is part of a larger battle brewing in the United States and several other countries. Biotech crop critics argue that genetically modified crops, first introduced in 1996, lead to increased pesticide use, environmental

damage and health problems for people and animals.

The most popular biotech crops are corn and soybeans that have been genetically altered to make the plants tolerant of chemical herbicides and resist pest damage. And many farmers say use of biotech crops improves production and field management.

The companies assert that biotech crops are essential to boost global food production and improve environmental sustainability. And they say the crops and the pesticides used on them are safe and are already well regulated by state and federal agencies.

Dow and rival biotech crop developer Monsanto Co. are seeking regulatory approval for new pesticides and biotech crops because there is widespread weed resistance to current popular pesticides.

*(Reporting by Christopher D'Angelo in Lihue; Writing and additional reporting by Carey Gillam in Kansas City; Editing by Steve Orlofsky; Editing by Krista Hughes)*

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<http://planetark.org/wen/70831>

***A random Smog Check "secret shopper" audit, ethanol waiver & elimination of dual fuel CAFÉ credit can cut mobil fleet ozone & pm over 50% in 2014***

***CAPP contact: Charlie Peters***

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GLOBAL WARMING!

TOO  
LATE!

Study

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