



# **Emerging Markets: E85 and Higher Ethanol Blends**

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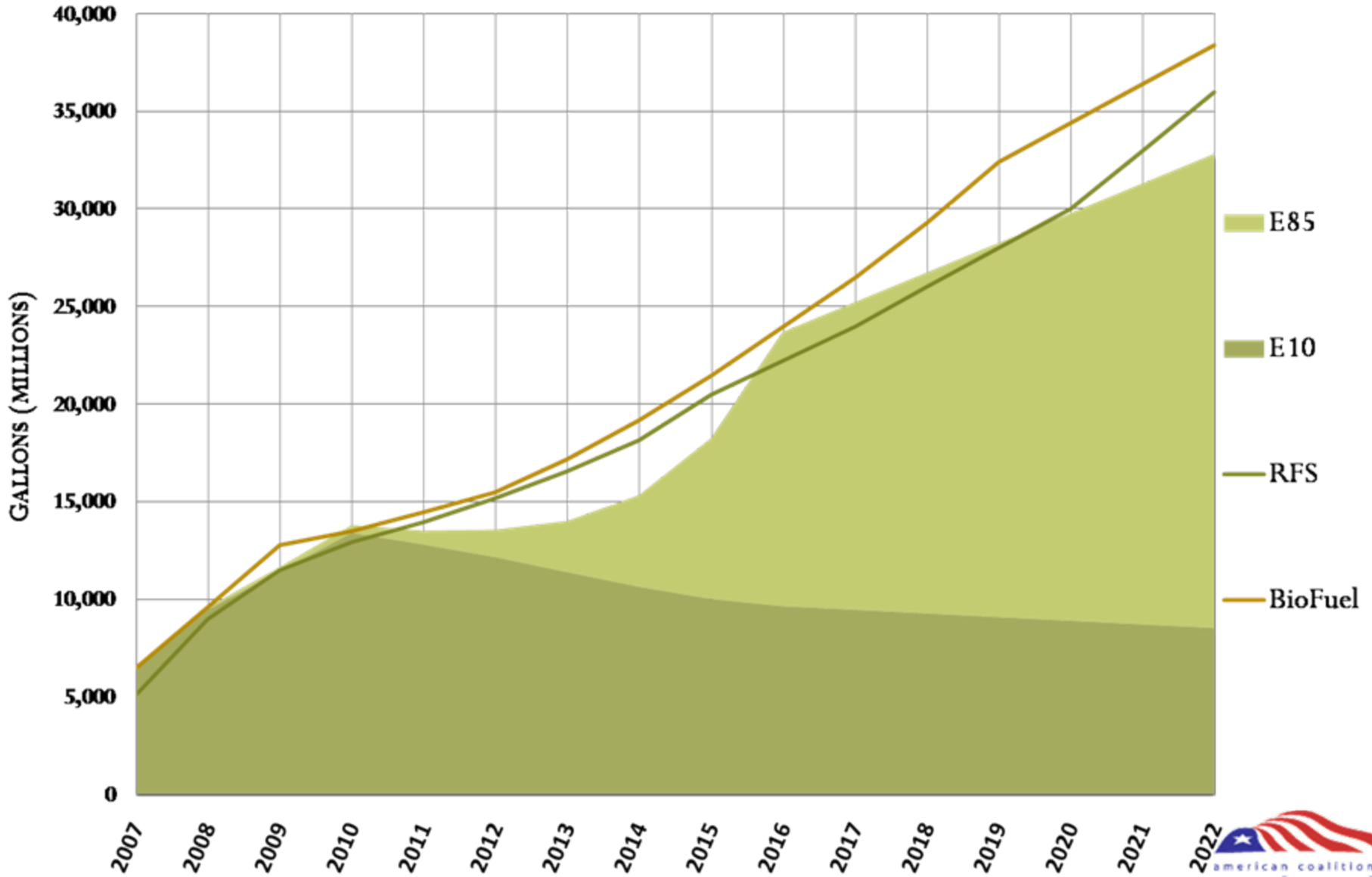
**Brian Jennings**

**ACE Executive Vice President**

# Stop Me if You've Heard this Before . . .

- RFS for 2011:
  - 12.60 bil. gallons Corn ethanol
  - 1.35 bil. gallons Advanced Biofuels
  - 13.95 billion gallons of ethanol
- US Gasoline use in 2010 – 135 Billion Gallons
- 2010 Gasoline sales likely to be 135B – 140B.
- That's 10 to 10.3 percent of all Ethanol sales.

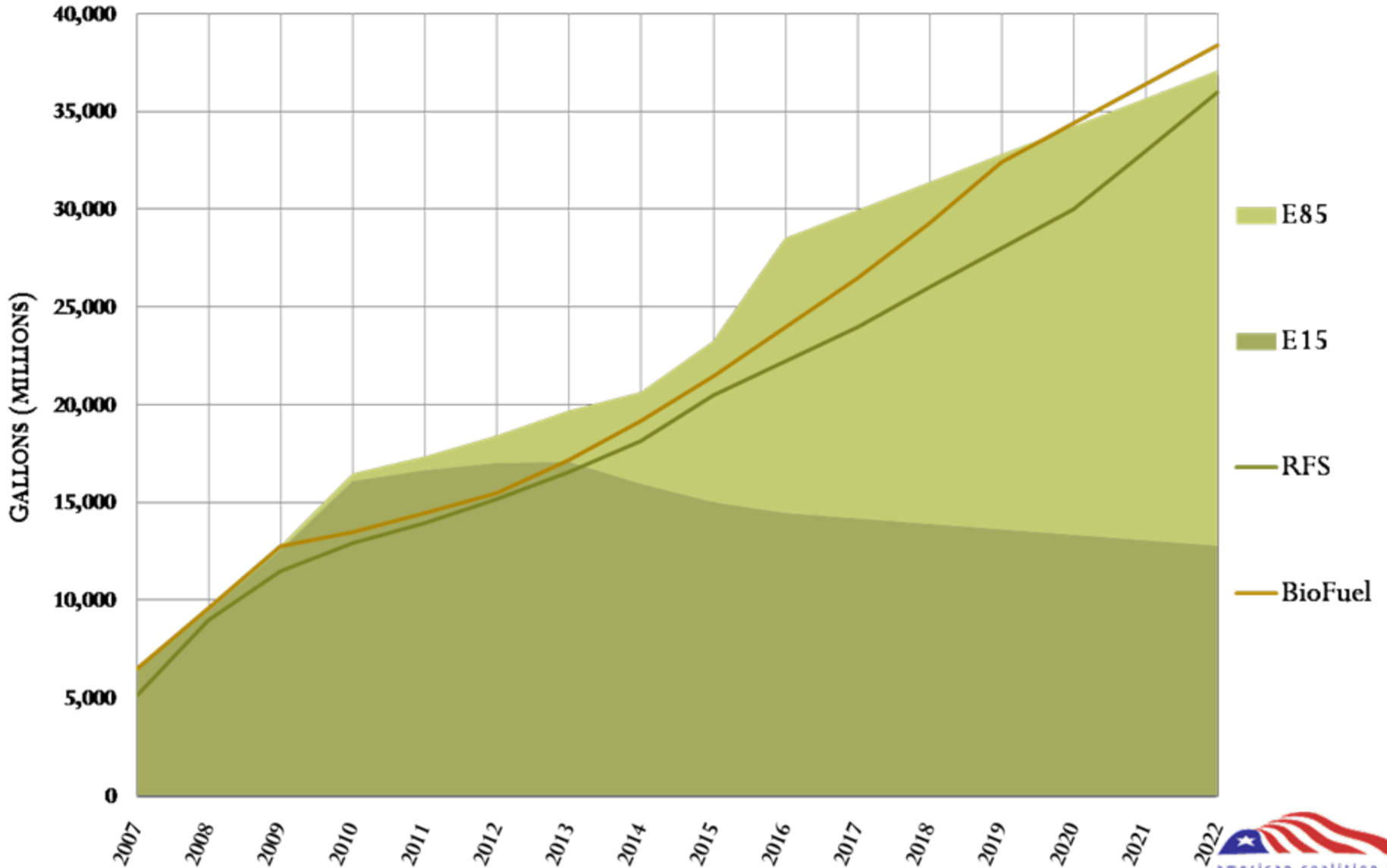
# Blend Wall & Blend Gap



# Possible Short Term Solutions

- E10 and E85
  - Would require all E10 plus 5x E85 use in 2011
- E 15 waiver
  - Likely to be chopped up, delays with rules, implementation
  - 2007 & newer = 435 million gallon potential
  - 2001 & newer = 1.2 billion gallons
- E12 waiver petition
  - Some of the same issues as above
- E12 – “stacking rule”
  - Could be fastest - Already legal?

# Blend Gap & E15



# Long Term Solution

- Give 'em what they want –
  - Let the market decide
  - TRUE free market
  - No 90% gasoline mandate
- Flexible Fuel Vehicles
  - US Automakers committed to 50% FFVs in 2012
- Blender Pumps

# The BYO Ethanol Campaign

- Campaign funded by:
  - State corn grower organizations in KS, KY, MO, NE, IL, IA, SD, MI, MN, OH, CO.
  - NCGA's Ethanol Committee
- Joint effort of the American Coalition for Ethanol & the Renewable Fuels Association
  - Helps the industry avoid duplicative efforts.
  - Provides consistent, experienced pro-ethanol advice to key decision makers.

# **BYO Ethanol Campaign Efforts**

- Expand Market Development Efforts
- Conduct Educational Seminars & Webinars
- Technical and Regulatory Industry Support
- Safety & Environmental Program Support
- Enhance Website Development
- Print & Distribute Materials
- Facilitate Marketer Assistance Programs
- Expand Consumer Awareness Efforts



# Marketer Focus: What's in it for them?

- More product choices for consumers on same footprint
- Uses existing tanks and pipes – huge cost savings
- New Pumps are PCI Compliant
- Ethanol plants sell E85 direct – bypass big oil markup
- Flexibility for future approval of mid-level ethanol blends
- Qualifies for E85 infrastructure tax credit
- Pump paid for by sale of all products, not just E85

# BYOethanol.com

Home Page | Search This Site

Should I Blend? | Fuel Blends | Equipment | Funding & Incentives | Market Promotions

Tax Credits/Grants

VEETC

RINS

## Blend Your Own BYO

Welcome to Blend Your Own Ethanol  
your information source for blender pumps



### Hot Topics

- Station Locator
- Ethanol News
- Blending Calculator

### FAQs

- What incentives are available if I install blender pumps?  
There are a variety of incentives, from Federal Tax Credits, to Alternative Fuels Infrastructure Tax Credits, to State incentives.  
[Read more](#)

## Because The Opportunity is Clear

[Print this](#) [Email this](#)

Today's petroleum marketers - who find themselves at the center of rising costs and consumers calling for change - can benefit from adding ethanol at their stations in two innovative ways: installing blender pumps and retailing mid-level ethanol blends (MLEBs), which are ethanol blends beyond 10%.

Used for years to blend and dispense unleaded and premium to give customers several octane choices, blender pumps are now finding a home in the retailing of ethanol fuels, offering stations the unique opportunity to offer mid-level blends

### Ethanol Blender Pumps: How They Work

Click for more detailed information

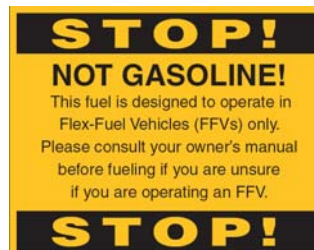
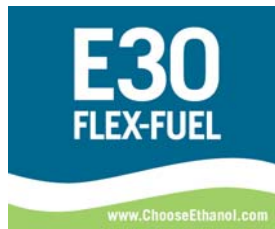


# Event/Trade Show Schedule

- **Gulf Coast Food and Fuel Expo**
- **RFA - National Ethanol Conference**
- **WPMA**
- **PACE**
- **SE Petro Expo**
- **Commodity Classic**
- **Nebraska PMCA**
- **Michigan Petro Assoc/Michigan Assoc of Con. Stores**
- **Arkansas Oil Marketers Assoc**
- **Minnesota Petroleum Marketers Assoc**
- **Wisconsin Petroleum Marketers Assoc**
- **Atlantic Region Energy Expo**
- **M-PACT**
- **New England Convenience Store Assoc**
- **Alt Fuels & Vehicles Expo**
- **World of Food and Fuel Expo**
- **Florida PMCA**
- **Texas Food and Fuel Expo**
- **ACE -Annual Ethanol Conference and Trade Show**
- **Pacific Oil Conference**
- **Pennsylvania Petroleum Marketers**
- **NACS/PEI**

# What is available?

- Sales Kits
- Dispenser Labels
- Expert Advice



# First Year Accomplishments

- Increased Awareness
- Manufacturers selling more blenders
- 10% + increase in E85 availability
- Number of Stations offering mid-level blends nearly doubled
- States providing incentives, helping increase availability

# Biggest Challenges

- No Decision on E15
- Manufacturers guarantee pumps using E15
- Banks aren't lending money
- Tax Credit not refundable
- IRS interpretation gives some potential tax credit buyers some concern
- A lot to invest to meet demand of 3% of cars
- Marketer Liability ?

# Outlook is Positive

- US Automakers building more FFVs
- Valero Announces E85 in new stores, major remodels
- UL approval puts some large retailers back on fast track to add E85
- Expiring tax credit may get marketers to move
- EPA will have to make a decision *eventually...?*

# Policy . . . (need help from Beej)

- E15/E12 Decision
- VEETC
- Harkin – Lugar
- Others?

# Questions?



american coalition for

**ethanol**<sup>SM</sup>

[www.ethanol.org](http://www.ethanol.org)