Hey, California, ethanol is running circles around MTBE

By Gov. John Hoeven -- Special to The Bee April 15, 2002

The [Sacramento] Bee is wrong in concluding in its editorial "Highway robbery" (April 8) that the proposed federal legislation encouraging greater use of ethanol nationwide would harm California consumers. Even worse, this view uses false arguments long disproved in numerous independent and federal government studies. The facts are: Ethanol, a clean, renewable gasoline additive, would not drive up the cost of fuel in California. For more than the last three years, ethanol has been consistently less expensive per gallon than the alternative -- MTBE. According to a recent poll conducted by the Winston Group, replacing MTBE with ethanol, which the vast majority of California consumers support, should lead to reduced gasoline prices at the pump.

Small, farmer-owned ethanol plants have spearheaded the rapid growth in production capacity over the last five years. By the end of this year, more than 70 ethanol plants will compete to meet California's needs. On the other hand, California is dominated by only six major oil companies. Even worse, only three MTBE producers control more than 80 percent of the California market -- and two of them are foreign.

While California's current level of ethanol production is not sufficient to meet its needs, the state has an unparalleled opportunity to produce large volumes of ethanol. Efforts are under way to use traditional -- and nontraditional feedstocks such as rice straw -- in the state. Coalition members have supported these efforts and hope the state can become a major ethanol producer.

By harnessing the power of the sun, ethanol production provides a net energy gain of more than 30 percent. Consider that gasoline only contains about 85 percent of the original energy in crude oil. It's embarrassing when The Bee cited a 13-year-old Cornell University study to the contrary even when the Cornell study has been repudiated by experts from the U.S. Department of Agriculture and Argonne National Laboratory. In fact, these experts conclude that continued efficiency improvements in farming and ethanol production guarantee even greater energy benefits in the future from ethanol.

Transportation revenues for road repair and construction will not be raided by new ethanol legislation. Our Governors' Ethanol Coalition supports a provision in the Energy Tax Incentives Act of 2002 that will ensure taxes collected on ethanol-blended fuels are deposited in the Highway Trust Fund instead of the general fund for deficit reduction, resulting in an added $400 million for road projects. The Senate will take up this provision as it debates the energy bill.
If Congress approves the renewable fuel standard, California will be required to use only 250 million gallons of ethanol each year, which can be satisfied under a new credit trading system. If Congress does not take action, California will be required to use 900 million gallons of ethanol a year. Clearly, the renewable fuel standard makes sense for California, and the nation.

The Bee neglected to mention the fundamental reason California and the nation would benefit from an expanded use of ethanol: Its use has reduced auto emissions and improved air quality while enhancing U.S. energy security, a result deserving endorsement and continued support from all consumers.

NOTE: John Hoeven is the governor of North Dakota and vice chair of the 27-member Governors’ Ethanol Coalition. More information about the group can be found at www.ethanol-gec.org.