

Op-Ed

## Making sense of ethanol wars

By BROOKE COLEMAN

Wisconsin is not the first state to propose mandatory **ethanol** blending in its regular-grade gasoline. But Madison has become the latest battleground in what could be termed the **ethanol** wars.

**Ethanol** wars have played out in many other states, and it goes something like this: A state lawmaker, noticing that **ethanol** blending stabilizes gasoline prices and creates in-state job opportunities and tax revenue, proposes to require all gasoline marketers to blend **ethanol**, a liquid fuel produced from grains and sugar.

The oil industry, concerned about any threat to its complete control over supply and price in the gasoline market, circles the wagons. It launches a "whisper campaign," claiming that **ethanol** worsens air quality, takes more energy to produce than it creates and will result in additional regulatory burdens on local businesses.

More times than not, the American Petroleum Institute injects just enough energy into the **ethanol** debate that it takes on a life of its own. **Ethanol** blending gives tax groups a platform to criticize subsidies, environmentalists a platform to talk about smog and those who have made a nice living cataloging the imperfections of **ethanol** another forum to showcase their work. Soon thereafter, talk radio panels light up, and maybe there is just enough controversy to kill the bill.

Of course, the real value of the **ethanol** debate for the oil industry is that it shifts the spotlight away from petroleum. Concerns about oil industry price-gouging, enormous federal subsidies and record profits following Hurricane Katrina are lost in the debate about the politics of **ethanol**.

Concerns about the root cause of smog, asthma and global warming (fossil fuel combustion from utilities and cars) are drowned out by a debate about computer-model predictions of a 1% to 2% increase in nitrogen emissions, known as NOx, from **ethanol**, an effect not observed by air-quality monitoring in a single state with **ethanol** programs in place.

The net energy controversy is the most perplexing. Ask yourself which process takes more energy to complete: securing, refining and shipping a gallon of oil from Iraq to Wisconsin or distilling a gallon of **ethanol** from a local crop?

What is lost in the **ethanol** debate, of course, is the big picture. The big picture is that when Wisconsin imports gasoline, it exports jobs and capital. When Wisconsin imports

gasoline it leaves itself open to sudden pump price spikes, supply-driven emergency variances from clean fuel regulations (like the one that just occurred in California) and short-term consumer burdens that are counted in hundreds of millions of dollars.

Critics say **ethanol** is a step sideways: a product that is not much better than oil and that comes with its own problems. Well, tell that to the thousands of Americans who saved 20 cents to 60 cents per gallon filling their cars with 85% **ethanol** blends over the last several months.

Tell that to the Pew Center for Global Climate Change, which determined that **ethanol** blending is the most effective near-term strategy to reduce climate change emissions from cars and trucks.

Explain that to the more than 2,500 folks with **ethanol**-related jobs in Minnesota, which has required E10 blending since 1997, or the several thousand Minnesota families with ownership stakes in farmer-owned **ethanol** facilities.

On this last point, you have to wonder what Wisconsin Manufacturers & Commerce is thinking as it tries to kill the bill. The WMC claims to represent Wisconsin business interests, with a keen eye toward manufacturing jobs. Sounds like a perfect fit with **ethanol**.

Of the \$587 million in state economic output generated annually by the Minnesota **ethanol** requirement, \$404 million was generated from the manufacturing sector alone. That's almost 70% of the net benefit. Of the thousands of jobs created by the program, about two-thirds are agricultural, manufacturing, service and construction jobs.

But the WMC is taking a pass on these manufacturing perks because, it says, local industries will shoulder the burden of mitigating any NOx emissions increases from **ethanol** blending. Never mind that the NOx increase it refers to comes from a computer model programmed to predict emissions in California (the model used to regulate fuels in Wisconsin does not predict a NOx increase). Never mind that NOx levels have not increased in **ethanol** blending states.

The state Department of Natural Resources even wrote to Gov. Jim Doyle clarifying that any NOx issue from **ethanol** would be mitigated by air-quality controls that are already being implemented to comply with federal rules.

The WMC's opposition to the bill is not about NOx; it's about oil. It's a simple case of powerful oil members having more of a say with regard to WMC policy positions than the local businesses the WMC is supposed to protect.

The bottom line is that the oil industry detests alternative-fuel programs because they provide a market for alternative-fuel producers, which in turn sparks investment in alternative fuels.

Refiners are more than happy to blend **ethanol** on their own terms because blending a cheaper fuel additive increases profit margins, but legislative efforts to promote biofuels are a problem because they portend a market shift for the oil monopoly.

Before the Wisconsin **ethanol** wars started, that was the point.

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