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MEDIA CONTACT

Brian Atkinson
(205) 532-0079

E85 for 85 cents, more stations coming

Dogwood Shell station reports tremendous demand

Birmingham, AL – E85 ethanol will sell for 85 cents for 85 minutes at the Dogwood Shell Station, 1488 Montgomery Highway, in Vestavia Hills beginning at 10:00 AM on Wednesday May 14.

The E85 pump was installed as the first of six E85 ethanol fueling pumps and five B20 biodiesel fueling pumps to be built along Interstate 65, known as the I-65 Clean Corridor, stretching from the Great Lakes to Mobile, the nation's first Biofuels Corridor.

"Since installing this E85 pump, we have seen overwhelming support from the community. The sales of E85 have far exceeded our expectations and we are pleased with the acceptance of the product by the public," said Ken McPherson, President of McPherson Oil, the owner of the station.

"The success of E85 has been so overwhelming that we will have E85 available at our Shell station located in the Greystone area at Hwy 280 and Hwy 119 later this month."

E85 ethanol is a blend of 85% ethanol with 15% gasoline. The fuel should only be used in flex-fuel vehicles (FFV's), which have been specially designed to run on ethanol blends up to 85% or gasoline. However, any gasoline vehicle can operate on 10% ethanol blends, known as E10. For the nearly 17,000 Jefferson County residents who have flexible fuel vehicles, the availability of E85 ethanol at local stations could not come at a better time. Birmingham area gasoline prices recently passed \$3.60 per gallon, with some officials predicting gasoline to top \$4 per gallon this summer.

General Motors Corporation (GM), the largest producer of FFV's, sponsors this special event featuring E85. In 2008 GM is offers E85 engines in 21 different models in its fleet line. By 2012, 50% of GM's new vehicle fleet will be FFV's.

"We congratulate McPherson on their success and applaud their efforts to offer E85 at another station," said Mark Bentley, Executive Director of the Alabama Clean Fuels Coalition. "The availability of E85 in the Birmingham area is increasing at a critical time for consumers experiencing record high gasoline prices." Mr. Bentley also noted that E85 became available last month at the Jet-Pep station on Highway 31 in Pelham and will be available at the Cowboys station on Highway 280 in July.

The Dogwood Shell station, off I-65 in Vestavia Hills, pumps cleaner-burning E85 ethanol and B20 biodiesel provided by local Birmingham company, Allied Renewable Energy/Rice Oil.

In the past few months, ethanol has received a disproportionate amount of the blame for rising food prices, even though it contributes little to the actual increase.

In a press briefing released May 1st, President Bush's Council of Economic Advisors Chairman Ed Lazear pointed out that ethanol production has contributed only about a quarter of one percent to U.S. food price increases, now at 4.5 percent. For global prices, Chairman Lazear estimated ethanol production is only responsible for 2 to 3 percent of the increase.

In the same release, Chairman Lazear pointed out that corn, currently used to produce ethanol, only accounts for 30 percent of all grains, while grains themselves only account for 20 percent of all food.

"People continuously point to corn ethanol as the culprit in rising food prices, but there are many factors at work increasing our food prices: mainly higher oil prices that increase fertilizer and transportation costs associated with producing crops; increased labor costs; and increased worldwide demand for many commodities resulting from a weak U.S. dollar and growth in developing countries," according to Mark Bentley, Executive Director of the Alabama Clean Fuels Coalition.

According to U.S. Census Bureau statistics, world population numbers increased by 77 million people in the last year alone. More importantly, rising incomes among emerging markets have drastically increased demand for food.

Emerging markets such as Brazil, South Africa, and India have seen drastic increases in income levels over the past 20 years with much of this increase coming in the past five years. China alone has seen its income rise from \$236 per person in 1985 to \$2035 per person in 2006, according to statistics from the World Bank.

Further exacerbating the problem has been the weakened U.S. dollar. According to a *Wall Street Journal* in March, a weak dollar pushes speculators to buy commodities such as oil, which increases the price of crude oil. More importantly, a weak dollar makes U.S. agricultural products cheaper, leading to increased demand and higher prices, statements that have been repeated recently by former Vice-President Al Gore.

A gallon of E85 ethanol is typically cheaper than a gallon of gasoline. The nearer to an ethanol production facility the cheaper the price tends to be with prices in the Midwest nearly 43 cents less than a gallon of gasoline. The price difference accommodates any expected loss in gas mileage.

"On paper the energy content of E85 is approximated at 20 to 25 percent less, but the lower price offsets some of the difference. Furthermore, because E85 has a significantly higher octane, drivers experience increased horsepower," said Bentley.

"More importantly, increasing ethanol produced from plant materials, known as cellulosic ethanol, such as switchgrass and pine trees, stands to directly benefit the State of Alabama, while drastically reducing greenhouse gas emissions," Bentley continued. A U.S. Environmental Protection Agency study this January showed that ethanol made from switchgrass lowered dangerous automobile emissions by over 94 percent.

"Ethanol is in the early stages of product development. One company, Coskata, plans to have a full-scale, next-generation ethanol plant running by 2011, which will produce ethanol from synthesis gas for under \$1 per gallon. These second-generation ethanol sources will render food vs. fuel debates irrelevant and help increase the availability of domestically produced alternative fuels," Bentley stated.

A commodity analyst from Merrill Lynch, Francisco Blanch, reported in the *Wall Street Journal* that without biofuels, gas prices would be about 15% higher. This statement was reinforced by Fatih Birol, chief economist of the International Energy Agency, who stated it would be much more difficult to balance global oil markets without biofuels.

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