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Details:

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## **WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS**

### **2005-06**

(session year)

### **Assembly**

(Assembly, Senate or Joint)

### **Committee on ... Agriculture (AC-Ag)**

#### **COMMITTEE NOTICES ...**

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#### **INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt**
  - Clearinghouse Rules ... **CRule**
  - Hearing Records ... bills and resolutions
    - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)
    - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)
  - Miscellaneous ... **Misc**
- (**ajr** = Assembly Joint Resolution)  
(**sjr** = Senate Joint Resolution)

Thomas L. Darlington

Statement before Assembly Agriculture Committee

February 3, 2005

Chairman Ott, members of the Committee, thank you for this opportunity to provide comments on Assembly Bill 15. My name is Tom Darlington. I am President of Air Improvement Resource, Inc., a company in Michigan that specializes in evaluating the emission impacts of mobile source control programs such as changes to fuels, vehicle emission standards, and engine emission standards.

Marathon Ashland Petroleum has retained me for the limited purpose of providing the Committee an overview of the preliminary findings of a study by the Southeast Michigan Council of Governments. The preliminary findings of that study relevant to AB 15 are that blending conventional fuel with 10 percent ethanol, as would be required under AB 15, will increase emissions of volatile organic compounds (called VOCs) and oxides of nitrogen (or NOx). VOCs and NOx form ozone and are the primary targets for controlling ozone in Wisconsin's nonattainment areas.

I have approximately 24 years experience evaluating emission impacts from mobile sources. The first nine years I worked at the Environmental Protection Agency. This was followed by a year at Detroit Diesel Corporation, 5 years with General Motors, and the last ten years with Air Improvement Resource.

During the last ten years, my company has evaluated the emission changes of many different gasoline changes, including low sulfur gasoline, changes in fuel volatility and distillation index, reformulated gasoline, and the impacts of various oxygen

compounds like MTBE and ethanol. We perform work for a variety of automobile and engine manufacturers, associations, the Federal Government, oil companies, the Environmental Protection Agency, and various state governments. We also perform work for the Canadian government.

Most recently, my company was retained to conduct a major study of different fuels in the Southeast Michigan area. This study examined the benefits of reformulated gasoline, further reductions in fuel volatility, lower sulfur fuel, and a range of ethanol “market shares” from 0% to 100%. What I mean by market shares is the percentage of gallons of gasoline sold at the pump that has ethanol in it.

This study was conducted for the Southeast Michigan Council of Governments, or SEMCOG. SEMCOG is the regional planner in Southeast Michigan and I’ve been told it plays a similar planning role to that performed in Wisconsin by the Southeast Wisconsin Regional Planning Commission. The purpose to the study is to help policy-makers assess emission reductions options to meet the EPA 8-hour ozone standard. Like eastern Wisconsin, the southeast Michigan area is designated an ozone nonattainment area by the EPA. Even though there are differences in gasoline composition between Michigan and Wisconsin, the key findings of the SEMCOG study are relevant to Wisconsin.

The SEMCOG fuels study was funded by SEMCOG, the Alliance of Automobile Manufacturers, and the American Petroleum Institute. All stakeholders actively reviewed each step of the study. We also took care to obtain EPA’s input on the study along the way. The study is 95 percent complete, and the final report should be out in a couple of weeks. Since I have been incorporating comments into the draft study for the past six weeks, I do not expect the relevant findings to change from what I will present to you

today. The results, however, are still considered “draft.” While I have every reason to believe that SEMCOG, the automobile manufacturers, and the petroleum industry agree with the draft results, I am not representing SEMCOG, the Alliance of Automobile Manufacturers, or the American Petroleum Institute today.

**Many studies have been conducted on the emission impacts of ethanol. What is unique about the draft SEMCOG study that Wisconsin should consider?**

Emissions of VOCs from fuels come from three sources: evaporation, vehicle exhaust, and permeation. Evaporation refers to the “breathing losses” from the fuel tank as the fuel is heated during the day. Vehicle exhaust emissions are tailpipe emissions or other emissions resulting from the incomplete combustion. Permeation is included in the standard computer models, but the increase in permeation VOC emissions due to the use of ethanol is not. The inclusion of increased permeation emissions due to ethanol is an important factor that distinguishes SEMCOG’s study.

In September of 2004, the Coordinating Research Council, a research group funded by auto and oil companies, published results of a year-and-a half of testing on the impacts of ethanol blends on fuel system permeation. Permeation is the migration of fuel through the walls of plastic fuel systems components. For example, some automotive fuel tanks made in the 1990s were made from high-density polyethylene. Ethanol in fuel basically opens up passages in the polyethylene so that fuel can migrate to the outer wall of the tank and evaporative. This process is permeation. This study found that ethanol increases permeation hydrocarbon emissions from on-road vehicles compared to gasoline that does not contain ethanol.

The ethanol permeation factor is not included in any of the standard computer programs that estimate emissions, and the SEMCOG study is the first study that we are aware of that takes this factor into account. Given the fact permeation occurs virtually everywhere gasoline with ethanol is found in, on-road and off-road vehicles, lawnmowers, garden tractors, and portable containers, the omission of increased permeation emissions due to ethanol is a flaw with standard emission estimate protocols.

The second item that is unique with regard to the SEMCOG study is that it accounts for the increase in NOx emissions with ethanol blends. Extensive testing and analysis of 1988-1995 model year cars and light duty trucks show that NOx emissions increase when ethanol blends are used. Both the California Air Resources Board and the Environmental Protection Agency agree on this fact. This NOx effect, however, is also not included in the standard EPA computer model used to estimate the emission impacts of ethanol for on-road vehicles.

It is my understanding that Wisconsin's DNR will testify today to the effect mandating use of ethanol as proposed in AB 15 would have only a marginal adverse impact on VOC and NOx emissions. If so, this can likely be explained by their use of standard emissions models which do not account for the permeation effects and to incorporate recent studies showing increases in NOx emissions. Although policies such as emission estimate models sometimes lag evolving science, it is my experience these gaps eventually closed. Thus, I and many others experts in the field believe federal and state ozone policies will eventually have to address the known increases in VOC and NOx emissions demonstrated in the SEMCOG study.

It is also important to note, however, that the SEMCOG study does not ignore the benefits of ethanol, for example the reduction in carbon monoxide emissions on older vehicles. The study makes every attempt to include all known factors that have an effect on emissions.

**What are the key results from the draft SEMCOG study that are relevant to this Bill and Wisconsin's Ozone Policies?**

The VOC and NOx benefits estimated in the study for the gasoline options are shown in the attached Figures ES-1 and ES-2. Estimates are shown using two different models to predict exhaust emission changes - the EPA Complex Model, and the California Predictive Model. Results from the two models should not be averaged. They should instead be viewed as the range of likely benefits. These figures show emission changes in tons per day that are specific to the SEMCOG regions, not Wisconsin. Nonetheless, the relative changes between the bars can be used.

The RFG noted in third columns from the left is the same gasoline mandated for the six-county nonattainment area in Southeast Wisconsin. The E10 noted in the third column from the right is same gasoline that would be required under AB 15. The key findings and observations on VOC emissions relative to the current discussion on AB 15 is that increasing the ethanol market share to 100% (100% E10 option) would result in significant VOC emission increases due to increased permeation.

The key finding on NOx emissions is that for the 100% E10 option (i.e. all Southeast Michigan gasoline would be 10% ethanol) is that the Predictive Model shows a significant NOx disbenefit.

It should be noted that the current gasoline in Southeast Michigan is similar to gasoline outside of the Milwaukee nonattainment area, with two exceptions: the fuel in Southeast Michigan has a little lower volatility, and there is a higher ethanol market fraction. Consequently, whatever impact that an ethanol mandate has in Southeast Michigan, it would have a greater impact in areas outside of the Milwaukee nonattainment because the current ethanol market share is lower than in Southeast Michigan, and volatility limit is higher.

### **Summary**

Mandating ethanol state-wide makes the job harder in the Milwaukee nonattainment area because vehicles that fuel outside of the Milwaukee nonattainment area that travel into the Milwaukee area will be releasing more VOC and NOx emissions on average than vehicles that refuel within the Milwaukee area. These are called migration emissions. Other studies we have conducted on other urban areas suggest that the amount of “outside” travel is on the order of 15 percent.

Mandating ethanol in nonattainment areas that are not covered by reformulated gasoline will also increase VOC emissions, increase NOx emissions, and reduce CO emissions in these areas. These counties, Door, Kewaunee, Manitowoc, and Sheboygan, will be particularly influenced by AB 15 as they will see increased emissions from “local” emissions from use of E-10 in those counties, plus additional migration emissions.

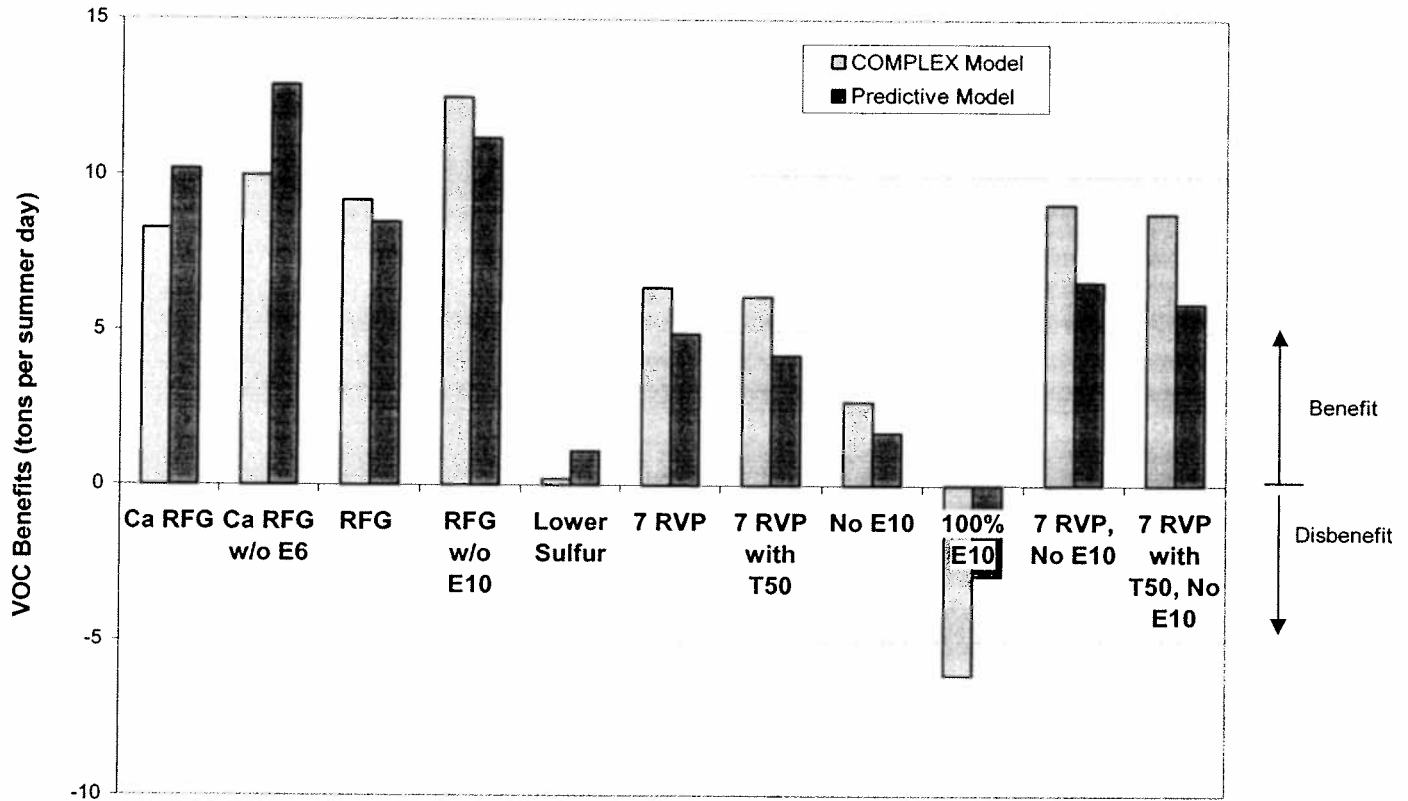
Other areas that are currently in attainment with the ozone standard but currently have elevated ozone levels – those counties that are adjacent to current nonattainment counties – may have a more difficult time maintaining their attainment status.

Another factor that could make the situation worse in nonattainment areas is NOx transport from outside these areas. NOx transport refers to NOx which comes into the region from areas outside of the region. If NOx increases from other areas outside of nonattainment area due to ethanol use, this could also make the ability to attain the 8-hour ozone standard more difficult. Although to a lesser extent, VOC emissions will also be transported from attainment areas to nonattainment areas.

This concludes my remarks, but I would be happy to address any questions you may have. Thank you very much.



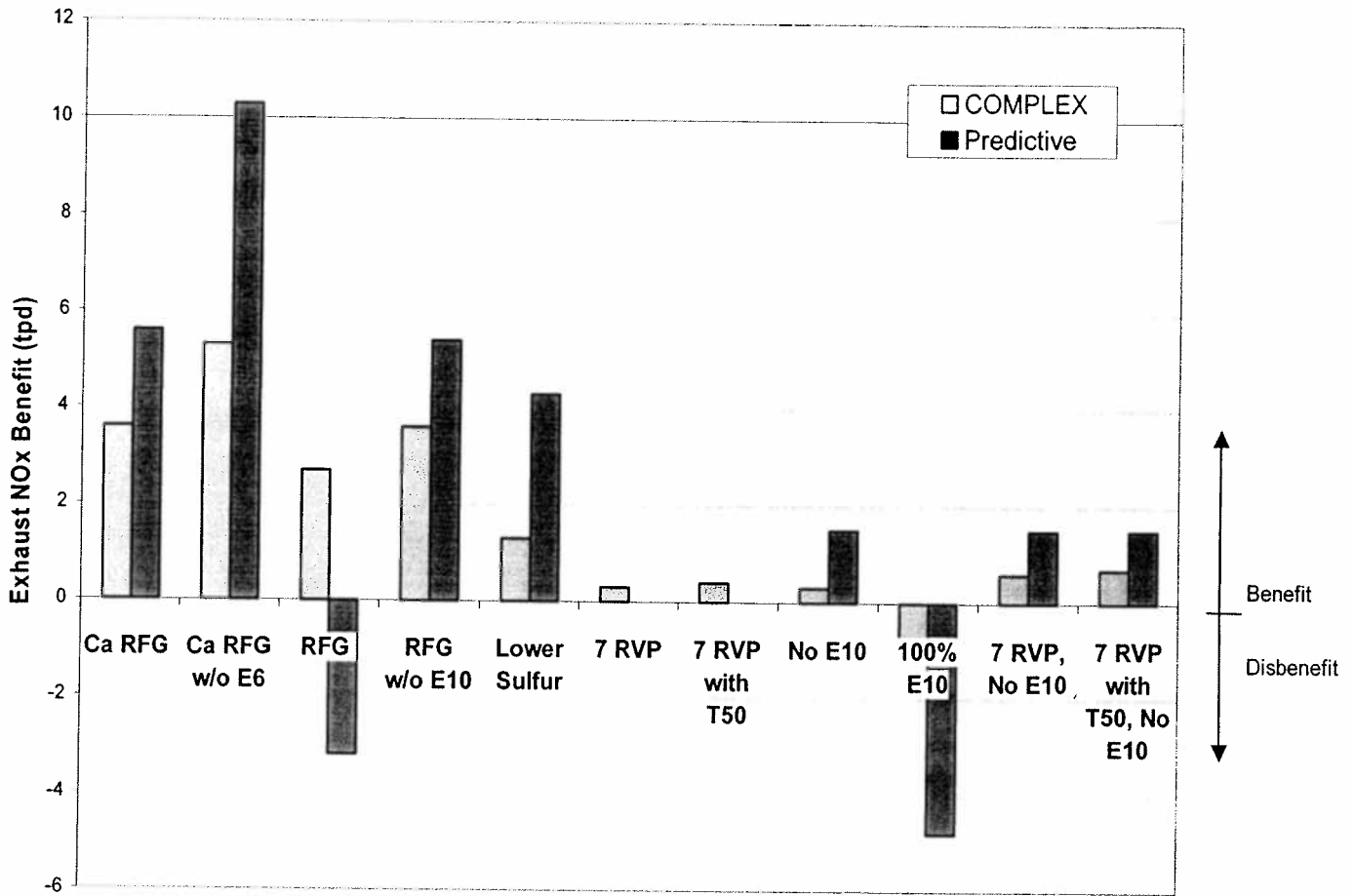
Figure ES-1. Net VOC Benefits in 2007 - All Sources  
(tons per summer day)



Notes for Figure ES-1

1. Includes all exhaust and evaporative effects, including ethanol permeation, where applicable.
2. Includes both on-road and off-road sources.
3. E6 and E10 refer to the volume percent of ethanol in the gasoline. E6 denotes a 6% ethanol concentration; E10 denotes a 10% concentration. 100% E10 denotes 100% market share of E10 fuel.
4. 7 RVP with T50 is a low volatility sensitivity case in which T50 is assumed to increase by 3°F as a result of the lower RVP.
5. The reduction benefit of lower volatility fuels is expected to be higher than shown above because the NONROAD model does not currently account for the evaporative benefit of lower volatility fuels for off-road vehicles and equipment.

Figure ES-2. Net NOx Exhaust Benefits in 2007 - All Sources  
(tons per summer day)



Note: Figure ES-2 includes both on-road and off-road sources.





State Governmental Affairs  
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**Testimony on Assembly Bill 15**

**Presented by David E. Blatnik**

**Manager, State Government Affairs (Wisconsin, Minnesota, Illinois)**

**Marathon Ashland Petroleum LLC**

**Assembly Committee on Agriculture**

**February 3, 2005**

Chairman Ott, members of the committee, my name is David Blatnik, Manager of State Governmental Affairs for Wisconsin, Minnesota and Illinois for Marathon Ashland Petroleum LLC (MAP). I appreciate the opportunity to comment on Assembly Bill 15.

MAP is heavily invested in refining, transporting and marketing petroleum products in Wisconsin and throughout the nation. We currently operate terminal facilities in Milwaukee, Green Bay and Eau Claire — supply 119 independently owned Marathon gas stations retailing in Wisconsin under the Marathon brand — and own and operate 93 Speedway/SuperAmerica stations throughout the state.

We are also one of the largest purchasers of ethanol in the Midwest. MAP is currently using approximately 450 million gallons of ethanol per year to blend with our automotive fuel. Of that amount, 150 million gallons are utilized in non-discretionary markets such as Minnesota and in areas required to use reformulated gasoline (RFG) under the federal Clean Air Act. The bulk of our ethanol (300 million gallons per year) is used for ethanol-blended gasoline sold in discretionary markets. Ethanol has been, and will continue to be, an important part of our fuel marketing program.

MAP is not anti-ethanol. We are, however, very much opposed to fuel mandates. In that context I am appearing today in opposition to Assembly Bill 15. Our concerns with the bill as introduced include the following:

### **A Fuel Mandate Distorts Basic Free Market Forces**

A fuel mandate as proposed in AB 15 would further insulate ethanol from the basic market forces of supply and demand. While that may be price advantageous for ethanol producers, it is not price neutral for major purchasers of ethanol who ultimately pass cost on to the consuming public. Currently, there is at least some flexibility in discretionary markets to negotiate competitive purchase prices.

Ethanol pricing already operates at a margin above conventional gasoline. As a general rule, the price of gasoline tracks with the price of crude oil. As crude oil prices go up so do gas prices. When the price of crude oil drops, gas prices at the pump follow the downward trend. Intuitively you would think that the same price relationship would be true of ethanol and corn as its basic feedstock. The attached chart demonstrates that is not the case. The price of ethanol consistently tracks above gasoline in relation to fluctuations in crude oil prices — regardless of the price of corn. Again, this may be viewed as positive for ethanol producers, but it is not positive for ethanol purchasers including end use customers at the pump. The point is that ethanol pricing is already insulated from cost relationship to feedstock or input costs — a fuel mandate as proposed in AB 15 serves to further insulate the price of ethanol from basic market forces, which results in artificially high pricing.

With regard to pricing, it should also be noted that ethanol currently receives a federal subsidy equivalent to \$21.42 per barrel of oil or \$0.51 per gallon of ethanol. Should this subsidy be ended, the price of ethanol would increase. If you mandate E-10 statewide, Wisconsin gas suppliers will be left with no alternative and Wisconsin consumers will pay higher prices than would be the case in discretionary markets.

### **Limited Exemption for Premium Grade Gasoline is Flawed**

On page 3, line 1 of the bill, section 168.04 (2m) (c) 3. provides that the ethanol mandate does not apply to premium grade gasoline sold at a retail station if only one pump is dedicated to premium and that pump is permanently labeled for use only in collector vehicles, all-terrain vehicles, motorcycles, boats, snowmobiles, and small engines.

While the bill appears to recognize that some consumers will need access to non-ethanol fuel, it does not provide a workable structure for making that fuel available at retail gas stations. A retail station will commonly have three 10,000-gallon tanks. It is unrealistic to believe that a retailer will dedicate one of those three tanks to specialty use only. It is equally unrealistic to believe that many stations will incur the cost of adding an additional underground tank for such limited sale. (The average cost of installing a 10,000 tank = \$60,000 to \$100,000) In Minnesota we operate under a similar provision and not a single one of our 200 retail outlets has a tank we could afford to dedicate only for specialty use. The consumer is the ultimate loser. Customer research indicates that consumers care about convenience and price in that order. My latest understanding is that there are only 178 specialty use tanks at retail stations throughout the entire state of Minnesota — and that is anything but convenient.

I also have concerns with Section 2 of the bill on page 3, lines 11-14. This section imposes a penalty on the retailer for illegal sale of premium grade gasoline for other than the limited uses that are specifically exempted. It is unrealistic to expect attendants at self-service retail stations to police who puts what type of gas into what type of vehicle. It is also difficult to imagine how the provision could be enforced at unattended times of the day and night where pumps are open for 24-hour credit card sales.

### **Statewide Fuel Mandate Will Impose Infrastructure Costs**

As I indicated earlier, Marathon already markets ethanol blended fuel in Wisconsin. That is not to say that we currently have the infrastructure in place to comply with a statewide E-10 fuel mandate. For example, terminal operations in Green Bay are not currently equipped to splash blend E-10 fuel. Tankage and other infrastructure costs at that facility alone will run over \$1 million.

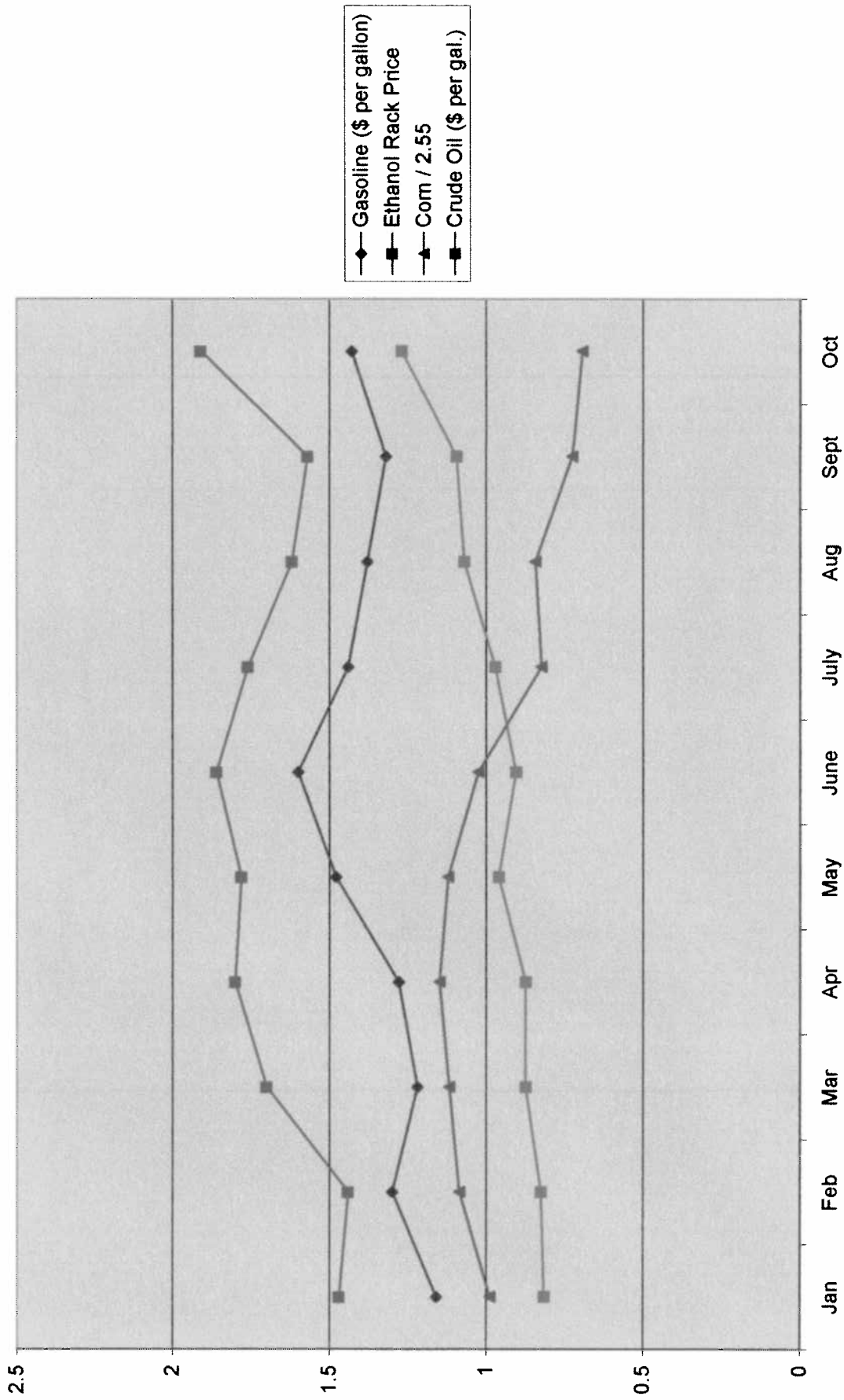
Aside from imposing additional regulatory costs and compliance burdens, the bill does not provide a realistic timeline to respond to a statewide mandate. Ninety (or less) days after the bill, and associated emergency rule, goes into effect is simply not a workable timeframe for ensuring that we have legal product in place at every retail outlet in the state.

### **Summary**

- A fuel mandate will increase fuel costs and is not in the best interest of the consuming public.
- The premium tank exemption does not reasonably allow retail stations to supply non-ethanol fuel for certain uses.
- The bill will impose new regulatory costs on the fuel supply industry and does not provide adequate time to respond to the mandate, should it be passed into law.

Again, thank you for your attention and the opportunity to comment on Assembly Bill 15. I would be happy to address any questions.

### 2004 Monthly Average Comparison









**Wisconsin  
Manufacturers  
& Commerce**

**TO: Assembly Agriculture Committee**  
**FROM: Jeff Schoepke, Director, Environmental Policy**  
**RE: Assembly Bill 15**  
**DATE: February 3, 2005**

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**Memo**

Thank you for the opportunity to provide comments today on Assembly Bill 15 (AB 15) which mandates a 10 percent blend of ethanol in gasoline statewide. We appreciate the opportunity to share with the Committee our reservations about this legislation.

As you know, WMC is a statewide business trade association of more than 4000 members. More than a quarter of Wisconsin's private sector employees work for WMC members. WMC membership spans every sector of Wisconsin's economy from manufacturing to transportation to agri-business and banking. Our concerns with this legislation stem primarily from the potential negative economic and environmental consequences for manufacturers in Eastern Wisconsin.

WMC opposes fuel mandates that increase costs to and limit choices for Wisconsin consumers. Ethanol production is on the increase in Wisconsin, and more than 40 percent of conventional gas is blended with ethanol. As a renewable fuel, ethanol has an important place in the mix of fuels in Wisconsin for the foreseeable future. We do not, however, believe it is appropriate to mandate its use and insulate ethanol from the forces of supply and demand.

In addition, ethanol is heavily dependent upon federal subsidies for economic viability. If the subsidies are eliminated, states with an E10 mandate will see significant increases in fuel costs.

We understand why the agricultural community supports this bill. However, a state fuel mandate does not guarantee a market for Wisconsin farmers. There are ethanol producers across the country willing to meet Wisconsin mandates.

WMC's biggest concern with this Legislation is the potential negative environmental impacts an E10 mandate could have in Eastern Wisconsin. Meeting federal ozone pollution standards is one of the most significant regulatory concerns facing Wisconsin manufacturers. As the Committee is aware, Wisconsin's non-attainment areas for the federal 8-hour ozone standard include all counties bordering Lake Michigan plus Washington and Waukesha Counties. In 2004, Manitowoc County attained the standard, and will, therefore, likely be redesignated. However, Wisconsin must submit a plan to EPA by 2007 to meet the standard by 2009 and 2010.

With nonattainment comes significant regulatory consequences- New Source Review, offset requirements for new projects, strict LAER

pollution requirements and additional permitting complications. The economic development implications of being designated a nonattainment area for ozone are severe, and a real disincentive for companies to engage in job creating activity in these counties.

Committee members may remember a 2003 proposal by DNR to recommend EPA designate a wide swath of counties—from Brown County south to Rock County—as non-attainment counties even though they met the federal standard. This proposal aroused a strong reaction from local politicians, economic development officials and business leaders because of the economic development implications of such a designation. Fortunately, Governor Doyle disregarded the proposal and recommended a more limited option which EPA adopted. This outcry was a clear indication that local officials view a non-attainment designation as a competitive disadvantage to their efforts to support job growth in their communities.

There is good news on the horizon in the ozone front. Monitored ozone levels are decreasing across the state, and with a reasonable State Implementation Plan (SIP) in 2007 most of Wisconsin should be able to meet federal attainment dates. Counties which currently meet the standard but have been close to violating it during the past several years are also seeing their levels trending downward.

There is, however, a growing body of research which indicates that conventional gasoline blended with ethanol, as required under AB 15, increases emissions of substances that produce ozone.

The Southeast Michigan Commission of Governments (SEMCOG) is in the process of completing a study of multiple fuels and their potential emission impacts on air quality in the Detroit ozone nonattainment area. Using both an EPA complex model and a California Air Resources Board (CARB) predictive model, SEMCOG's preliminary study shows significant emissions disbenefits from E10 gasoline. Specifically, SEMCOG's study shows that increasing the ethanol market share through use of E-10, as would be required by AB 15, will significantly increase VOCs and NOx. VOCs and NOx are known as ozone precursors—together they form ozone—and are the primary targets for controlling ozone in Southeastern Wisconsin.

WMC is still evaluating the significance of this study and has engaged the Wisconsin DNR in a discussion about what impacts it could have when modeling is conducted to develop Wisconsin's SIP. A significant increase of either NOx or VOC emissions statewide could make attaining the standard more difficult. If the transport of these emissions results in higher modeled ozone levels in non-attainment counties, the DNR will likely recommend additional reductions from industrial sources to make up the balance. Needless to say, this makes meeting the federal ozone health standard more

difficult and more expensive. As our manufacturing economy is working its way out of the recession of the early part of this decade, additional controls or a lengthier period of time in violation of ozone standards will serve to weaken relative economic strength.

Given these concerns, WMC opposes this legislation. Further, we strongly urge the Committee to review the final SEMCOG study results and consider the implications for Wisconsin's air quality and manufacturing economy before it decides whether to recommend passage to the full Assembly.

WMC looks forward to working with the Committee on these issues and on developing state fuel policies that consider the energy, environmental and economic needs of the state.

Thank you for your consideration of these comments.





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## MEMORANDUM

TO: Honorable Members of the Assembly Committee on Agriculture

FROM: Matthew Stohr, Legislative Associate *MS*

DATE: February 3, 2005

SUBJECT: Assembly Bill 15

At the recent Wisconsin County Highway Association Winter Conference, the Wisconsin Counties Association (WCA) Transportation and Public Works Steering Committee, which consists of county supervisors and county highway commissioners from across the state, discussed 2005 Assembly Bill 15 (AB 15). The steering committee expressed enthusiasm regarding the opportunities that this bill may present to rural Wisconsin, but they also expressed some serious concerns with the bill.

WCA feels that AB 15 is a step in the right direction to reduce the state's dependency on foreign oil as well as fossil fuels. In addition, WCA feels that the required use of ethanol that is set forth by AB 15 could serve as an economic development tool for many parts of rural Wisconsin. However, the primary question WCA has regarding this bill relates to revenue. WCA feels strongly that ethanol should be taxed in a similar fashion as other types of gasoline. Gas tax revenue is an integral funding component for the construction of new highways as well as the maintenance of existing highways. The revenue issue, as it relates to ethanol in gasoline, was addressed at the federal level when President Bush signed the corporate tax bill into law on October 22, 2004. The signing of the corporate tax bill eliminated the federal per gallon ethanol tax incentive and replaced it with a federal general fund tax credit. Therefore, the highway trust fund will be compensated for lost revenue resulting from the tax treatment of ethanol motor fuel sales.

Another question that was raised by the WCA Steering Committee was "what impact will the required use of ethanol in automotive gasoline have on older vehicles, recreational vehicles and small engines?" To this end, WCA is supportive of the provision in AB 15 that allows for an exemption from the ethanol minimum specifications for certain retailers.

Thank you for considering our comments.

Please feel free to contact me at the WCA office if you have any questions.



**Testimony on Feb. 3, 2005**

**From Sundays Journal/Sentinel**

**Wisconsin legislators are considering mandating what one senator calls "freedom fuel" - ethanol-blended gasoline similar to that now required in metropolitan Milwaukee - throughout the state, an effort critics say amounts to pushing the "greatest snake oil of the 21st century."**

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**I am not a farmer nor do I have a politically vested motive to be here. I am here as a citizen and I come to testify before you as a retired Military Officer.**

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**The words "Freedom Fuel" are right on. Actually I believe the implementation of AB15 is one of the greatest ideas to be introduced in a long while. Not even close to "Snake Oil" as Nic Hollis called it.**

**I do not think the idea is as good as the "printing press" or the "cotton gin", but it is damn close to that good. Really it is more like the invention of Social Security. *2070 R Security* This ethanol idea could be the salvation of not only this state but this country.**

**Instead of spending umpteen billion dollars on a war in Iraq over oil, why not put that money into producing a fuel right here at home? And don't tell me this war was not about oil. If it was about freedom, WMD or**

anything else we would have gone to Rwanda to help prevent the genocide there. As my ole buddy used to say, "It's not the money, it's the money."

Is the cost ~~is~~ higher to produce a gallon of ethanol? Yes, no question about it, but not that much higher. We are talking pennies more. Maybe as much as a dime a gallon. Pennies is a small price to clean the air and stay out of future wars over oil. This current war is going to cost billions and the next war, if there is one, could cost even more. Lets get a solution now. Your leadership on this simple idea ~~and~~ could pay off in big dividends.

~~The Dept of Natural Resources says, "the measure could actually backfire, resulting in ...primary precursors for ozone formation". I'm not a chemist but I know this stuff does not pollute the air. The country of Brazil has been using ethanol for dozens of years. They run almost all their vehicles on ethanol. Every car, truck, motorcycle and more. They have done it this way for dozens of years. And not just 10% usage of ethanol... they use 100% ethanol. Oh ya.. they do use gasoline also, but only in recent years and it is a small amount. In the past 20 or so years Brazil has used ethanol almost exclusively. And, Right... there is ~~no~~ air pollution in Brazil.~~

*little*

The great thing about ethanol is that it is high in octane



**and is a renewable resource. The USA will never run out of it. We can produce it as long as we have corn and sugar beets and grass and anything that grows. Think of the international problems that using more ethanol would solve.**

**Number 1, it might keep us out of future wars over energy, Number 2, it would get the American farmer back to work. And all the government subsidy money that now goes to farmers to "Not plant their fields would go back into the government coffers" That in turn would keep a heck of a lotta money in this country rather than sending it overseas. It might even mean we could get more federal tax relief. Ha ha. Right.**

**The real way this bill (AB-15) should be implemented in my opinion... Is with an intention to increase ethanol use to 20% next year and 30% the year after and continue increasing ethanol to the degree we can produce it in the USA.**

**Okay now comes the argument ... What about "fuelcel" vehicles? Isn't that technology going to solve all these problems? My answer is ... I sure hope so, but it is so far off in the future that it is not even worth consideration at this time. And all the changes to infrastructure that would have to be made: such as new gas stations etc, would be almost monumental. And the money the US government is throwing at it, is ridiculous. If that same amount of money was thrown at the solution with ethanol, we would now be well on our way to using it.**

**Nicholas Hollis, president of the Washington, D.C.-based not-for-profit Agribusiness Council is opposed to the whole idea. According to the article he says: Ethanol lowers gas mileage, damages cars, deflates the price of corn, pollutes the air, uses enormous amounts of water and requires more energy to produce than it saves.**

**Lets look at that again.**

**\* lowers gas mileage, Ethanol does get a few miles less per gallon, but so what? Those are menial problems that can easily be solved.**

**\* damages cars, Yes, ethanol is corrosive on American gas tanks and at 100% usage, gas tanks would have to be Teflon coated.**

**\* deflates the price of corn, Actually, I think it would increase the value of corn.**

**\* pollutes the air, Test after test has proven ethanol burns almost perfectly clean.**

**\* uses enormous amounts of water This is true but so what... as long as the water is returned clean.**

**\* requires more energy to produce than it saves. To all of these I say, prove it.**

**After reading his website, it appears Mr. Hollis's primary interest is in sending US agricultural products overseas. Since this ethanol idea would keep most of these agricultural products here in the USA he appears**

**opposed to the bill.**

**Wisconsin has the ability to be the third state to do this. The great states of Hawaii and Minnesota already passed similar legislation.**

**Ethanol is a great idea, whose time is way overdue. This agricultural committee has before it an opportunity to change Wisconsin and ultimately the entire USA. It will not be easy. Thousands of people have prejudices against ethanol. But you must pass this bill, not only for the people of Wisconsin but for the future of this country.**

**Sincerely,  
CDR William J. Lemorande USNR (RET)  
7295 N. River Rd.  
Milwaukee, WI 53217,  
414-352-4964**

# Lawmakers push state ethanol mandate

## Fans call it 'freedom fuel,' but others warn of potential pitfalls

By RAQUEL RUTLEDGE

[rrutledge@journalsentinel.com](mailto:rrutledge@journalsentinel.com)

Posted: Jan. 29, 2005

Wisconsin legislators are considering mandating what one senator calls "freedom fuel" - ethanol-blended gasoline similar to that now required in metropolitan Milwaukee - throughout the state, an effort critics say amounts to pushing the "greatest snake oil of the 21st century."

It's a move the state Department of Natural Resources says could actually increase some types of pollution and could require other maneuvers, such as dropping speed limits. The measure (AB-15) would require all gasoline in Wisconsin to contain between 9.2% and 10% ethanol, with a few exceptions for airplane fuel and gas for motorcycles, boats, snowmobiles and other small engines. The bill was introduced in the Assembly last week and was referred to the Committee on Agriculture.

"It would help us become less dependent on foreign oil so we wouldn't have to worry about stationing troops abroad to protect our oil supplies," said state Sen. Dale Schultz (R-Richland Center), co-sponsor of the bill.

Schultz and other supporters say the ethanol requirement would create jobs, keep money in Wisconsin, result in cleaner air and create a boon for corn farmers.

Ethanol, chemically known as CH<sub>3</sub>CH<sub>2</sub>OH, is primarily produced from corn, but the fermented and distilled sugars can also come from sugarcane, wheat, cheese whey, potatoes and other sources.

Milwaukee-area motorists have had the clear-colored, alcohol-based fuel make up 10% of their gas since 1995, as mandated by the Environmental Protection Agency under the Clean Air Act. When coupled with other changes to conventional fuel, ethanol can reduce carbon monoxide and other ozone forming emissions.

Wisconsin is home to three ethanol plants that produce about 120 million gallons of ethanol a year. Operation at a fourth plant is due to start in April, another plant is pending approval and several others are in the planning stage.

Wisconsin would become the third state, after Minnesota and Hawaii, to enact a statewide mandate.

### 'Farmers are ecstatic'

The Wisconsin Corn Growers Association said it supports the bill and that Wisconsin would have no trouble producing enough ethanol to supply the state once new plants are online. Wisconsin farmers produced a record-high amount of corn in 2004, nearly 12 billion bushels, ranking it No. 6 in the country, said Bob Oleson, association spokesman.

"Farmers are ecstatic about this," Oleson said.

But a draft report by the Department of Natural Resources says the measure could actually backfire, resulting in higher volatile organic compound emissions and oxides of nitrogen emissions - primary precursors for ozone formation.

Without other modifications to conventional fuel, as are required by the EPA for clean-air standards, it could lead to an increase in other airborne toxins, such as acetaldehyde and peroxyacyl nitrate, both of which are respiratory irritants at high levels of exposure, the report states.

To reap the cleaner air benefits, the state would have to require that the conventional gasoline that would be mixed with ethanol be changed to reduce the level at which it evaporates, a costly proposition for refineries. Those requirements are in place in metropolitan Milwaukee, and refineries pass along that cost to consumers. Gas typically costs 5 to 8 cents more per gallon.

Authors of the report list a number of other concerns, such as availability and price of non-reformulated fuel for exempt vehicles and equipment. Gas station owners would have to have a separate storage tank if they wanted to sell conventional fuel, and many may opt not to. The pump would be posted with a permanent notice stating that the fuel is for use in collector vehicles, motorcycles, boats and small engines. The bill includes fines of between \$10 and \$100 for selling conventional fuel illegally.

#### **Could lower speed limits**

To offset some of the increased pollution levels, the report suggests that the state would need to do several things in addition to tweaking the specifications of conventional fuel, such as beef up fuel inspection, require specialized vent caps on all gasoline storage tanks, and spend more money on speed management and enforcement. Lower speed limits could lead to reduced emissions. DNR spokeswoman Wendy Weisensel said the report was still in its draft form and could change before it's presented to the agriculture committee.

The state Department of Commerce, which regulates petroleum, said the bill would require the state to buy new testing equipment that would cost \$270,000 plus about \$20,000 a year for testing and maintenance.

#### **Supplies not regulated**

The commerce department currently tests ethanol solely for its percentage in the fuel blend. And, while monitored and tested for quality by producers, ethanol is not policed by state or other governmental agencies for purity.

A state fuel inspector in November said bad ethanol may have been to blame for a wave of fuel injector problems plaguing the Milwaukee area.

Nicholas Hollis, president of the Washington, D.C.-based not-for-profit Agribusiness Council, said many farmers oppose the bill and are being bullied by big business - specifically Decatur, Ill.-based agriculture giant Archer Daniels Midland Co. - into backing it. ADM produces roughly 30% of the ethanol in the country and dominates the trucking and ethanol transportation industry, Hollis said.

Hollis called the idea the "greatest snake oil of the 21st century."

ADM executives declined to comment.

Hollis and other critics contend that ethanol is far from the precious panacea its supporters profess.

"They're using this demagogue approach, using fear and slogans and lies about cleaner air and cleaner emissions and helping the farmer," Hollis said. "Every one of these claims turned out to be hollow."

Ethanol lowers gas mileage, damages cars, deflates the price of corn, pollutes the air, uses enormous amounts of water and requires more energy to produce than it saves, they say.

"It's a net loser," he said. "If we converted every ear of corn in this country, we'd be more dependent on the Middle East than we are now."

The Wisconsin Petroleum Council, an agency representing oil producers that supply the state's gas, also opposes the bill, said Erin Roth, executive director.

"We're just opposed to creating another boutique fuel in Wisconsin," she said. "We use ethanol because of politics. Do we want to use ethanol? No."

*The Committee on Agriculture is scheduled to take up the issue Thursday.*