Ethanol Pioneer Responds to Recent Article

The president of a company responsible for designing half the corn ethanol plants in the country is responding to comments attributed to him in the on-line publication of the Minnesota 2020, which describes itself as a "progressive, non-partisan think tank."

The opinion article was written by a college student from an interview done with Ron Fagen, president and CEO of Fagen, Inc., at the National Ethanol Conference in February. That's where Ron and his wife Diane were recognized with the first ever Membership Award from the Renewable Fuels Association for their dedication of time, energy, resources and ideas in making the ethanol industry what it is today.

Editorial author Natalie Camplair notes Fagen's contributions to the ethanol industry in the first paragraph, and then infers that Fagen has abandoned the industry he has helped to build over the last 20 years. "But the ethanol boom is over now," she writes. "In an interview at the 2010 National Ethanol Convention on February 16 in Orlando, Florida, Mr. Fagen announced that, in 2010 and beyond, he plans to "put ethanol [projects] on hold" and instead to invest in biomass and wind energy projects."

Back in the days when print only went as far as the paper on which it was published, this editorial would probably have only been read by a handful of people and Ron himself might never have even seen it. But, thanks to the internet, the story was re-published and linked around so it created enough waves that Mr. Fagen has circulated his own response:

A recent op-ed alleging that "the ethanol boom is over" and that "policies to further the corn ethanol industry should not be supported" demands a response, both because it is patently untrue and because my words were twisted and taken out of context to justify the editorialist's opinion about corn ethanol. I respect that everyone is entitled to their own opinions. But, in the case of the op-ed titled "Beyond Corn Ethanol" published on April 28, 2010 by Minnesota 2020, neither the opinions nor the so-called facts expressed were accurate.

It's true that Fagen Inc. has partnered with farmers to build more than half of all the ethanol plants in the U.S. It's also true that technology innovations have enabled corn farmers and ethanol producers to become incredibly efficient stewards of resources. Today, corn farmers use fewer inputs and less energy on fewer acres of land to produce more bushels of corn than ever before. Case in point: in 2009, U.S. farmers planted 7 million fewer acres of corn than in 2007, but they produced more corn than in the previous record year of 2007 thanks to technology and yield increases. At the same time, ethanol plants have reduced energy and water use to become more sustainable and efficient. University studies indicate that one gallon of ethanol contains more than two times the amount of energy used to make it.

So it is not accurate – in fact, it is downright misleading – to suggest corn ethanol has no future. Today, ethanol-blended fuel is the most affordable and clean-burning alternative to gasoline. And more importantly, unlike some other promising alternative fuels, we don't have to wait for more ethanol because it is here now as the only commercially viable substitute to fossil fuels. In fact, this year U.S. ethanol producers will rank as our nation's third largest supplier of fuel on a gasoline-equivalent basis, behind only Canada and Saudi Arabia, and ahead of Venezuela.

Ethanol has also triggered more economic prosperity in rural America than anything else in my lifetime. It has enabled corn farmers to earn more for their crops, and ethanol has given farmers and rural citizens the opportunity to invest in locally owned production facilities, operations where the profits stay in rural America. According to a report issued by the Minnesota Department of Agriculture in 2008, the combined impact of corn and ethanol production in Minnesota has generated $6 billion in economic activity and impacted 26,000 jobs. Nationwide, ethanol supports 400,000 jobs across the U.S. economy and generates more than $50 billion to our Gross Domestic Product.

At the same time ethanol is becoming more efficient and making a positive difference for the environment and U.S. energy security, oil is making a difference too – a dangerous difference. At present, 5000 barrels of oil per day are leaking from a deepwater well in the Gulf of Mexico and the spill is polluting the shores of the U.S. Gulf Coast, threatening wildlife and the environment.

I run a construction company, and I am actively engaged in the development of renewable energy from ethanol to wind to biomass power production facilities. The opinion piece suggests that I have "changed focus" by moving away from corn ethanol and that this should send a message to policy makers to shift away from supporting corn ethanol as well. Nothing could be farther from the truth. My family and my company fully support the growth of ethanol and welcome the opportunity to construct more ethanol plants. Unfortunately, government bureaucracy currently limits corn ethanol from expanding and today's installed capacity for corn ethanol is maxed out under current law. In other words, the ethanol plants in operation and currently under construction in the U.S. have the capability to exceed the 15 billion gallon per year limit of production included in the 2007 Energy Bill. That's right, Congress has capped the volume of corn ethanol by allowing no more than 15 billion gallons of production to qualify for the Renewable Fuels Standard. What's more, at present the U.S. Environmental Protection Agency (EPA) arbitrarily restricts the volume of ethanol that can be blended into a gallon of gasoline to just 10 percent. I am working with others to tackle these problems, but until or unless EPA allows more ethanol in gasoline or Congress acts, there isn't any market space available to build new plants.

It is important to note that public policy is not only holding corn ethanol back from unleashing its ability to provide the U.S. with cleaner and more affordable fuel, but these restrictions also prevent the "next-generation" of biofuels from becoming commercially available. I support both corn ethanol and advanced biofuels and am disappointed that some try to pit corn ethanol against advanced biofuel – we need both. As we employ technology to drive down the process and capital costs associated with advanced biofuel, let's take advantage of the benefits of corn ethanol.

According to the U.S. Department of Agriculture, the amount of corn currently stored on farms in the U.S. is about 4.6 billion bushels, which is larger than the amount of corn that is expected to be processed into ethanol during the 2009/2010 marketing year. U.S. farmers can produce enough corn for feed, fuel, and food, and U.S. ethanol producers can efficiently distill corn into clean-burning renewable fuel and high-value livestock feed through distillers grains.

Entrepreneurs in the U.S. are capable of replacing foreign oil with corn ethanol and advanced biofuels from a variety of sources, but only if the policy limitations are addressed by Congress and the Administration. That's where we ought to focus.