

# Coalition Pushes Wider Ethanol Use

Group Seeks to Include  
Proposals on Farm Bill,  
Lobby for \$64.5 Billion

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WASHINGTON -- A coalition of farm groups, hunters, environmentalists and some business interests favoring expanded use of ethanol and other so-called renewable fuels is lobbying for \$64.5 billion of new federal incentives to achieve their goal over the next five years.

The group is also exploring ways to modify an existing tax credit for fuel companies that blend ethanol into their gasoline in a way that would protect ethanol producers if oil prices drop and make it tougher for ethanol-blend fuel to compete. The group is called the 25X'25 Renewable Energy Alliance, since its target is to produce 25% of the nation's energy from farm, ranch and forest products by 2025.

It aims to get many of its proposals, which are set to be announced today, into this year's farm bill, expanding previous policies used to promote politically popular ethanol. The spectrum of constituencies represented in this 400-member group, whose members range from the American Farm Bureau Federation to **General Motors Corp.** to the National Wildlife Federation, could stimulate action in Congress.

Pressure from farm groups created a mandate to use ethanol-blended fuels in the 2005 Energy Policy Act. "We realize we're asking for a big number," said Don Villwock, president of the Indiana Farm Bureau and a member of the group's steering committee. "But when you look at what we [as a nation] spend on imported oil, it's really a small fragment."

Ethanol reduces the need for imported oil and results in fewer emissions of carbon dioxide, which scientists say are warming the earth's atmosphere. It also is popular in Congress because producing it boosts farm income.

To shield ethanol refiners from the possibility that oil prices could drop and make their product less competitive with cheaper gasoline, the group is considering a system whereby tax incentives would rise for ethanol-fuel blenders when oil prices drop. When oil prices rise, the tax credits that have been used to expand the ethanol market would shrink. If Congress buys the concept, the system could be installed when the current 51-cents-per-gallon ethanol subsidy expires in 2010.

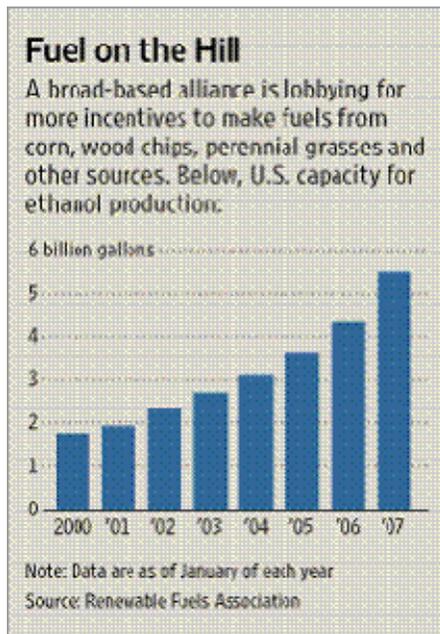
The new 25X'25 strategy shifts away from previous congressional efforts to mandate more use of corn-based ethanol, but would maintain fixed subsidy levels for ethanol made from corn stalks and other farm wastes, a business that isn't yet commercially feasible.

The new plan contains a few new prods to boost ethanol usage. These include calling for Congress to require owners of 10 or more gas stations to install pumps that deliver an 80% blend of ethanol when the percentage of cars equipped to use such fuel reaches 8% in the surrounding area. It also calls for auto makers to modify 50% of their cars to use this blend, called E-85, by 2012, or pay a fine of \$1,000 per vehicle.

U.S. auto makers previously agreed to reach the 50% target for so-called flex-fuel vehicles by 2012, but the petroleum industry isn't keen on the proposed requirement to install more E-85 pumps. "We think the marketplace should determine how much ethanol is used and where it's used," said Al Mannato, a fuels expert for the American Petroleum Industry.

The new plan calls for an \$18.6 billion expansion of farm-conservation programs over the next five years, to help reduce the environmental impact of raising more energy-related crops.

Larry Schweiger, president of the National Wildlife Federation, which represents more than one million hunters and fishermen, said hunters like the plan because the additional conservation money would help farmers shift from growing corn to switch grass, a perennial crop that provides better habitat for birds and animals.



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