

# ETHANOLEDGE

(ETHANOL + KNOWLEDGE)



**KENTUCKY**

[www.kycorn.org](http://www.kycorn.org)

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## Ethanol: Important for Kentucky and the Nation

The ethanol industry has had a substantial impact on the economic vitality of rural communities, especially in America's heartland, where the majority of the nation's corn ethanol plants are located. Short transportation distances and local investment have led to most ethanol facilities being centrally located in the United States, providing more economic independence and energy security to our country while supporting local jobs.

Economic impact reports provide a view of how an industry helps create new jobs or support existing ones. They look at how much the industry invested in capital infrastructure or goods and services. And they look at how much the industry paid in taxes. Here's a summary of the ethanol industry's economic impact for 2011, as calculated by consulting firm Cardno ENTRIX and reported by the Renewable Fuels Association:

### \$42.4 billion

How much the combination of spending for annual operations, ethanol transportation, and capital spending for new plants under construction added to the nation's Gross Domestic Product in 2011.

### 400,000

How many jobs were created or supported due to the economic activity resulting from ongoing production and construction of new capacity in 2011. It is estimated that additional job creation from advanced biofuels production under the Renewable Fuels Standard could reach 807,000 by 2022.

### \$30 billion

How much money the production of ethanol put into the pockets of American consumers in 2011. Increased economic activity and new jobs result in higher levels of income for American households.

### \$8.2 billion

How much was paid in local, state and federal taxes as a result of increased GDP and higher household income.

### 485 million

How many barrels of crude oil the United States did not need to import in 2011 because of the production of 13.9 billion gallons of ethanol.



## Increasing Corn Supplies to Meet Increasing Demand

Increased ethanol production means an increased demand for corn, and corn growers are answering the call.

Yields are growing. Today, U.S. corn farmers average 150 bushels per acre, a 20 percent increase from the yields 20 years ago. And this trend will only continue, as the average yield is expected to top the 200-bushel mark in the next 10 years.

Best of all, farmers are able to produce more corn per acre of land and with fewer resources and strain on our environment.

### USDA Estimates on 2012 Supply and Demand as of July 9:

Acres Harvested:	88.9 million acres
Yield:	146 bushels per acre
Crop Production:	13 billion bushels
Total Corn Supply:	13.9 billion bushels
Total Demand:	12.7 billion bushels
Carry-Out:	1.2 billion bushels

## Renewable Fuel Standard (RFS)

### What does the RFS mean?

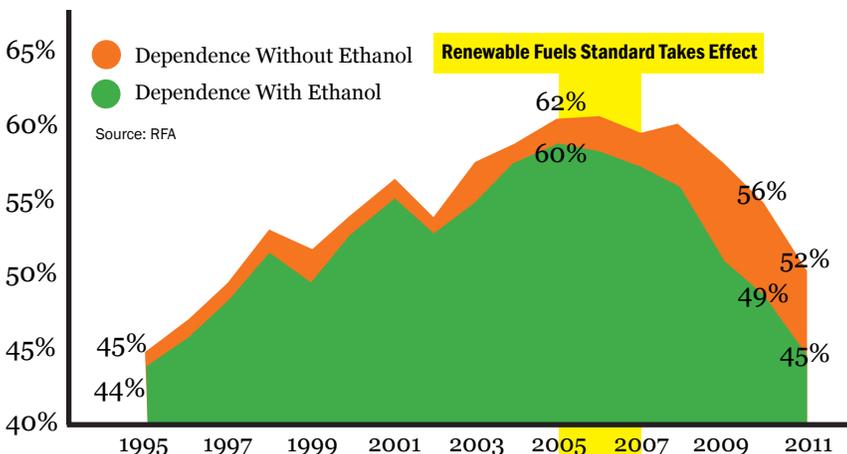
The Renewable Fuel Standard (RFS) – which came into effect in 2006 and was reauthorized and expanded with strong bipartisan support in 2007 – promotes the production of home-grown renewable fuels, giving consumers an alternative to foreign petroleum. RFS has allowed for expansion of the American ethanol industry by creating market certainty. It requires that by 2022, the U.S fuel market blends 36 billion gallons of biofuels, with up to 15 billion gallons coming from corn-based ethanol.

### Why is the RFS important?

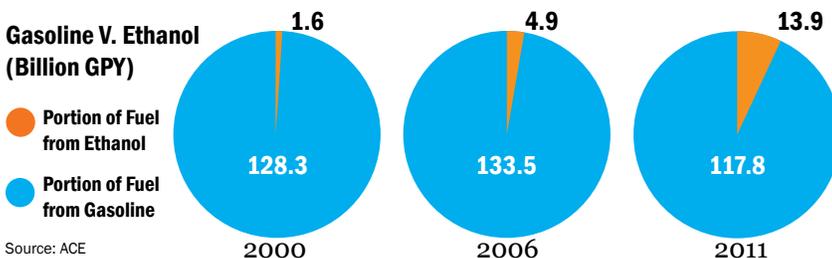
The RFS is the only major policy in the United States that is reducing our dependence on foreign oil. It also provides consumers with lower energy costs and creates the necessary market conditions to encourage innovation in renewable energy. By requiring renewable fuel use, Congress has given investors the confidence that a market for biofuels will exist.

### The RFS is Working!

## U.S. OIL IMPORT DEPENDENCE WITH AND WITHOUT ETHANOL



## U.S. BIOFUEL USE HAS MORE THAN DOUBLED



## Ethanol reduces the cost of gasoline at the pump

In 2011, ethanol reduced wholesale gasoline prices by **\$1.09 per gallon** nationally. This means ethanol reduced the average American household's spending on gasoline by more than **\$1,200** last year. Since 2000, ethanol has helped save **\$39.8 billion** annually in excess gasoline costs.



## ETHANOL & CO-PRODUCTS

When a bushel of corn enters an ethanol plant, more than just ethanol comes out:

**1 bushel of corn =**  
**2.8 gallons of ethanol**  
**17 pounds of DDGS**  
**& .5 pounds of animal grade corn oil**

Dried Distillers Grains (DDGS) is a cost effective and valuable feed ingredient for livestock and poultry diets.



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## Ethanol Supports Family Farms & Rural Economies

When corn prices were low, our farmers found it difficult to cover their expenses. They worked very hard to grow the ethanol market to utilize the growing corn supply, a true American success story.

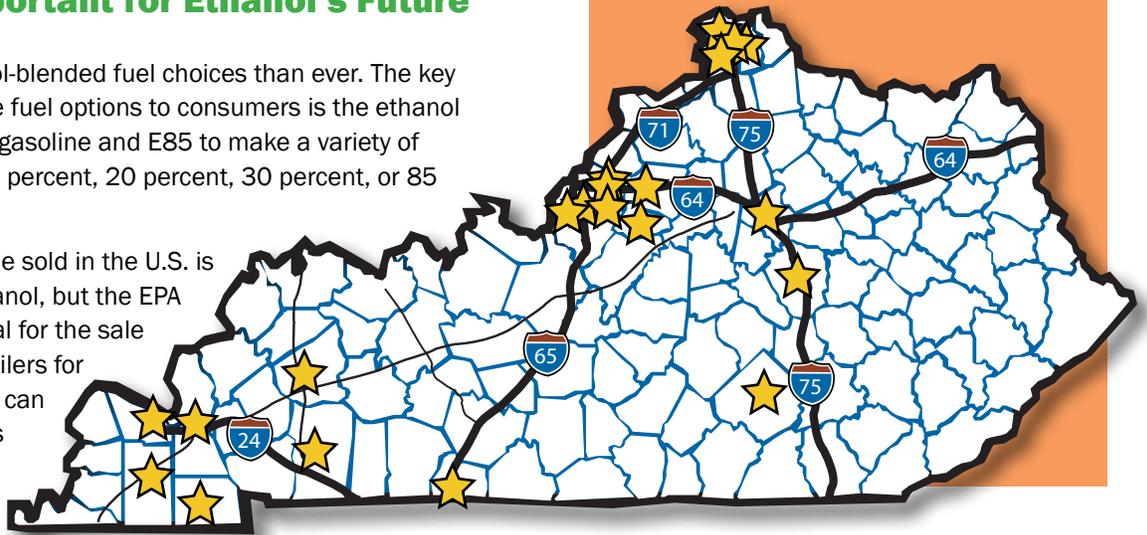
Corn prices are now robust, more money is entering rural America, and the result of our farmers' prosperity is nourishing our rural communities. The next generation of corn farmers has a bright future, a future that is dependent upon maintaining a strong renewable fuels market.

Even among the production challenges of weather and pests, corn farmers continue to produce enough corn for livestock feed, food, and clean-burning, American ethanol.

## Higher Blends: Important for Ethanol's Future

Today, there are more ethanol-blended fuel choices than ever. The key component for retailing these fuel options to consumers is the ethanol blender pump, which blends gasoline and E85 to make a variety of mid-range blends such as 15 percent, 20 percent, 30 percent, or 85 percent ethanol.

Nearly every gallon of gasoline sold in the U.S. is blended with 10 percent ethanol, but the EPA recently gave its final approval for the sale of 15 percent ethanol by retailers for vehicles made since 2001. It can be used in 62 percent of cars on the road today.



## Flex Fuel Vehicles

Flex fuel vehicles (FFVs) are just that—they're flexible. They're designed to run on a variety of fuels, including regular unleaded or any blend of ethanol up to 85 percent.

Today, there are nearly 900 million FFVs on U.S. roadways. Kentucky fuel retailers are catering to the rising number of FFVs in the Commonwealth; new stations that carry E85 (the 85% ethanol blend) are being added each year.

For more information on where these stations are located, visit [www.kycorn.org](http://www.kycorn.org).

Kentucky Corn Growers also offers an incentive fund to encourage retailers to install ethanol blender pumps.