



NEWS RELEASE

FOR IMMEDIATE RELEASE

December 20, 2006

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Ethanol Takes Center Stage in 2006 Public Policy, Market Demand Drive Record Ethanol Production, Use

Washington, DC – The U.S. ethanol industry took a big step forward in 2006, becoming a much larger component of America’s motor fuel supply. The implementation of watershed federal legislation, increased support from the American public, and record market demand all helped drive record ethanol production and use in 2006. Estimates put domestic production of ethanol at 5 billion gallons this calendar year.

“Domestic ethanol production and use reached all-time highs in 2006 and the country is better off for it,” said Renewable Fuels Association President Bob Dinneen. “The implementation of the Renewable Fuels Standard (RFS), the voluntary elimination of MTBE from the marketplace by gasoline refiners, and a growing demand for cleaner fuels from American consumers have all helped contribute to unprecedented growth in this industry. By relying more heavily on domestically-produced ethanol, we are creating tens of thousands of new jobs, reviving rural economies, and taking important first steps toward energy independence.”

On January 1, 2006, the RFS went into effect requiring increasing levels of renewable fuel use through 2012. Included in the Energy Policy Act of 2005, the RFS requires the use of 4 billion gallons of renewable fuel in 2006 and increases to 7.5 billion gallons of renewable fuel use annually in 2012. In 2006, the U.S. will use more than 5 billion gallons of ethanol, outpacing RFS requirements by more than 25 percent.

Coming on the heels of the RFS implementation, gasoline refiners announced they would be eliminating methyl tertiary butyl ether (MTBE) from markets across the country. The result was strong demand for ethanol along the East Coast and in Texas. While refiners are no longer required to use oxygenates like MTBE and ethanol, the fact ethanol has replaced virtually all MTBE in the market underscores its value as an economic, clean burning, and high octane blending component in gasoline.

While these two factors certainly provided a strong floor from which the ethanol industry could grow, increased demand from consumers for cleaner burning, renewable fuels also contributed to the ethanol industry’s strong growth. A Public Opinion Strategies poll done last spring showed nearly 4 out of 5 Americans support increasing the use of ethanol and federal policies that do so.

“Americans from all walks of life have realized a greater focus on renewable fuels like ethanol is critical to achieving the ultimate goal of energy independence,” said Dinneen. “While ethanol is not the sole solution to our energy problems, its impact is already being felt today and will only continue to grow. The production and use of 5 billion gallons of domestic ethanol means we are more reliant on American know-how and less dependent on foreign and often unstable oil supplies.”

Important 2006 Ethanol Statistics, to date:

- **110 ethanol biorefineries** are operating in **19 states** with a capacity to produce more than **5.3 billion gallons** of ethanol, and increase of 1 billion gallons from the beginning of the year.
- **63 ethanol biorefineries** and **8 expansion** projects are set to come online in the next 18 months that will add nearly **5.4 billion gallons** of new production capacity.
- Ethanol is blended into more than **45 percent** of the nation's gasoline.
- Some **6 million flex-fuel vehicles** (FFV), capable of burning ethanol blends up to 85 percent (E85), are in use today. **One-thousand E85 retail outlets** are in operation.

Important Events in Ethanol, 2006:

- **January 1** – The Renewable Fuels Standard (RFS) takes effect. The program is implemented under the default guidelines as the full program is developed.
- **January 31** – During the State of the Union Address, President Bush declares, “America is addicted to oil.”
- **February 20-22** – National Ethanol Conference in Las Vegas, Nevada.
- **April 25** – President Bush addresses the Renewable Fuels Association and others in the renewable fuels industry at the Renewable Fuels Summit 2006.
- **May 5** – Gasoline refiners complete voluntary elimination of MTBE from the market.
- **May 25** – The nation's 100th ethanol biorefinery opens in Iowa.
- **May 27** – The Indianapolis 500 runs on a 10 percent ethanol blend, representing the first change in fuel in more than 30 years. In 2007, the entire Indy Racing League, including the Indy 500, will run on 100 percent ethanol.
- **May 29** – The Renewable Fuels Association rings the opening bell on the NASDAQ stock exchange in New York City.
- **August 8** – The Renewable Fuels Standard celebrates its one-year anniversary with no fewer than 29 new ethanol biorefineries under construction since the bill was passed.
- **September 9** – The Environmental Protection Agency (EPA) releases its proposed rule to fully implement the Renewable Fuels Standard.
- **October 10-12** – For the first time, three cabinet members and the President of the United States speak from the same stage about the importance of renewable fuels in America's energy future.
- **November 14** – Big 3 automakers, General Motors, Ford and DaimlerChrysler meet with President Bush and pledge to make half of new vehicles manufactured FFVs by the end of the decade.
- **December 9** – Mark “The Flying Farmer” Thomas is awarded his sixth IHRA Alcohol Funny Car World Championship running on 100 percent ethanol.
- **December 10** – Congress extends the tax credit offset on imported ethanol to January 1, 2009.

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For more information, visit the Renewable Fuels Association website at: www.ethanolRFA.org.