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MODERN ETHANOL PLANT HAS NEGLIGIBLE IMPACT ON LAND USE, NEW SCIENTIFIC STUDY FINDS

*Proposed EPA and California renewable fuel standards relying upon incomplete science
may threaten ethanol market and worsen global warming impact*

Chicago, IL—(February 24, 2009)— A new study announced today on ethanol land use impact found that a modern ethanol plant does not meaningfully change farmland use, neither the amount of land farmed nor the mix of crops planted (e.g., corn, soybeans). Commissioned by the Illinois Corn Growers (ICGA), the study’s findings contest an unproven theory that increased production of corn ethanol results in the conversion of unused farm land into corn production and an increase in the percentage of corn acres planted by farmers. “This is the most thorough and far-reaching study on land use impact done to date,” stated Rod Weinzierl, executive director of the ICGA. “It demonstrates that the often cited link between new ethanol plants and the conversion of non agricultural land to corn is highly questionable. Corn ethanol is not a central driver in the conversion of non-corn farmland to corn production.”

The study was conducted by Dr. Steffen Mueller from the Energy Resources Center at the University of Illinois at Chicago utilizing a modern ethanol plant in Rochelle, Illinois (approximately 75 miles northwest of Chicago) as its test subject. The study looked at relevant farming data – including satellite imagery and farmer surveys – one year prior to the plant opening through to two years after.

“Our objective was to take a bottom-up approach to data collection and analysis, and thereby arrive at a fully considered assessment on the potential impact of ethanol production on farm

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land use,” commented Dr. Mueller. “We examined each acre of farmland within a 40 mile radius of the test site – prior to and after the launch of an ethanol plant – and found that neither intensification nor extensification occurred. Farmers had land available to convert (extensification) for corn production and did not. And, ethanol plant grain demand was quickly met by incremental production improvements and so increased percentages of corn acres (intensification) cannot be explained by the new ethanol plant. The results of this study on one modern ethanol plant are sufficiently dramatic to indicate that the science of ethanol and land use is far from being set.”

The study’s findings are in conflict with the current federal and state governmental draft standards that utilize older and less thorough science. “With California a recognized national leader in renewable fuel policy, the risk that state’s draft renewable fuel standards being prematurely approved is that ethanol will be branded a brown fuel nationally,” stated Rod Weinzierl. “This threatens to marginalize the use of ethanol in the U.S. fuel mix and would have far reaching, non beneficial environmental and financial impact. California will be worsening, not improving, our nation’s carbon footprint at a time when we have the green fuel supply to do otherwise.”

The study found that a new ethanol plant requiring 20.45 million bushels of corn annually for fuel production utilizes the yield from 104,284 acres, which is less than 7% of the acres from the “draw area.” However, during the study period, more than 260,000 acres were converted from mostly soybeans to corn indicating that other factors contributed to corn intensification (an increase in percentage of corn acres grown).

“During the early phase of plant startup it’s possible that corn acres are intensified as a result of perceived plant market demand,” Dave Loos, Technical Director of ICGA noted. “This quickly levels off and other factors such as export demand and grain economics drive on farm

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planting decisions. Once an ethanol plant has been in operation for two years, its supply requirements are a marginal factor in local farmers' planting strategy. Annual production increases quickly exceeded the total new demand from the plant."

The study found that while land such as grass and pasture was available for farmers within the ethanol plant draw area to convert to and increase planted corn acres by as much as 21%, less than three tenths of a percent increase actually took place, which is not a meaningful amount.

"As we continue to improve the agricultural productivity and processing efficiencies of corn-based ethanol, it is important that the body of scientific work developing around corn's role as a part of our national renewable fuels strategy keep pace with these advancements," added Dr. Martha Schlicher, vice president of Illinois River Energy. "This study is an accurate reflection of the ability of the advancements in corn productivity to absorb incremental ethanol capacity when plants are appropriately added in the right locations at the right time. While it is very important to clearly understand all of the direct and indirect environmental costs and benefits of renewable fuel use, it is equally critical that we accurately account for current and future technological advancements that reaffirm the environmental benefits of corn ethanol. It is unfortunate that we continue to increase gasoline imports while idling existing available corn based ethanol supply that measures in the billions of gallons."

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About The Studies

The study – The Land Use Impact Of A New Ethanol Plant, February 2009 -- was prepared for the Illinois Corn Marketing Board and can be accessed in full at: (<http://www.ilcorn.org>)

About The Energy Resources Center (<http://www.erc.uic.edu>)

The Energy Resources Center is located in the Department of Mechanical and Industrial Engineering at the University of Illinois at Chicago. The Center was established in 1973 by the Board of Trustees as an approved Illinois Board of Higher Education center with the mandate to conduct studies in the fields of energy and environment and to provide industry, utilities, government agencies and the public with assistance, information, and advice on new technologies, public policy, and professional development training.