Low Gas Prices Hurt Sales Of High-Ethanol E85 Fuel

MINNEAPOLIS (AP) — Lower gasoline prices, while a boon for drivers, were a gut punch for ethanol producers and promoters of the high-ethanol blend known as E85.

In Minnesota, the nation's leader in E85 pumps, sales fell off by more than half this spring compared with the year before, a disappointment to E85 producers and the farmers who supply them with corn to make the fuel. It's also a letdown for those who hoped the blend would provide a cleaner alternative to gasoline and accelerate the move away from fossil fuels.

When the price of gasoline falls, drivers of flex-fuel vehicles are less likely to choose E85 because the blended fuel's price advantage is reduced. Alternative fuel supporters, however, say they expect E85 sales to bounce back as gas prices rise again.

E85, which is 85 percent ethanol and 15 percent gasoline, can be used in the nearly 8 million flex-fuel vehicles on U.S. roads today. Corn and ethanol producers have promoted it heavily as a way to boost demand for ethanol beyond what's possible with the maximum 10 percent blend that's OK for any car.

The fuel is sold in all but a handful of states, but Minnesota has the most pumps, more than 350. It's followed by Illinois with about 200, and Wisconsin, Iowa and Indiana with about 120 each.

Three years ago, Minnesota Gov. Tim Pawlenty set a goal of 1,800 E85 pumps across the state by 2010. The state clearly isn't going to reach that goal — it's only about 20 percent of the way there.

"It's important for any politician to set a lofty goal, something audacious," said Bob Moffitt, spokesman for the American Lung Association of the Upper Midwest. "That's the only way real progress is made. You have to be something of an optimist in the alternative fuels world, otherwise the hard realities will beat you down."

Source URL (retrieved on *08/21/2014 - 2:48am*):
http://www.chem.info/news/2009/07/low-gas-prices-hurt-sales-high-ethanol-e85-fuel