

Ethanol Planners

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noted. He cautioned planners against letting emotions guide the selection process.

"You have to look at this as a regional project," he said.

Key factors for qualified sites include high corn production in the surrounding area, transportation infrastructure — including a mainline railroad, utilities on the site, availability of low-cost energy, and community support.

BBI also looked at corn production and potential ethanol production throughout the area, and assessed market potential for ethanol and its co-products, dried distiller's grain and carbon dioxide.

Bryan recommended a facility capable of producing 40 million gallons of ethanol per year. About 128,000 tons of dried distiller's grain feed — at 25 percent protein or more — would also be generated.

In a good growing year, corn produced within a 50-mile radius of sites in the eastern part of the study area could supply such a plant, according to the study.

In a bad year, that supply could drop to 20 million gallons or less of ethanol production potential, thereby increasing dependency on corn from the Midwest.

For eastern Pennsylvania, the 25 to 30 cents per bushel above the Chicago Mercantile Exchange price for corn, however, could be offset by strong local markets for both ethanol and dried distiller's grains.

"Can you make an ethanol plant profitable at \$2.88 (per bushel) corn when you're competing with \$2.60 corn (in the Midwest)?"

Turning corn into more valuable products for nearby consumers should make it possible, according to Bryan.

"It's all about value-added," he said.

A plant producing 40 million gallons of ethanol, 128,000 tons of dried distiller grains, and 96,000 tons of carbon dioxide per year in southcentral Pennsylvania could add \$1.60 per bushel — or a total of 22.8 million dollars — to the value of the corn, according to Bryan's figures. Carbon dioxide, the least valuable of the co-products, could be used for beverage carbonation and generate about 9 extra cents per bushel.

The ethanol plant would hire 32 fulltime employees and generate more than \$60 million per year, with a total economic impact of about \$135 million. Eighty-five percent of that revenue would be spent within a 75-mile radius of the plant,

according to the study.

Bryan cited increasing demand for ethanol in the U.S., with some states prohibiting the fuel oxygenate MTBE because of environmental hazards and with U.S. Congress likely to outlaw it.

Unlike MTBE, ethanol is touted as a renewable and environmentally safe fuel oxygenate.

A national Renewable Fuel Standard is also in the works. If passed in Congress, it would require the use of about five billion gallons of ethanol by 2012, according to Bryan.

For the future of ethanol production, it will be important to use sources other than just corn, Bryan said.

Wood from overgrown forests and most of the garbage sent to landfills can also be turned into ethanol, although that technol-

ogy is still in development to make the process more efficient, he said. Waste beer, fruit juices, and cheese whey are examples of some of the materials being used successfully today.

Corn producers and economic development leaders began early last year to investigate the possibility of an ethanol plant in the area.

An ethanol steering committee grew out of that joint interest between area farmers and economic development leaders.

Dan Wolf, Stewartstown-area corn grower and steering committee chairman, said the study is a positive indicator for moving ahead on the project.

"I'm gratified that the numbers (shown in the study results) are about what we expected," Wolf said.

Scott Welsh, an ag economic

development specialist, was also hired last fall by the York County Economic Development Corporation to work on the ethanol project and other ag initiatives.

The steering committee and the YCEDC will next focus on business organization and membership, site selection, and further market analyses for the project.

Bryan said that the majority of U.S. ethanol facilities — located mostly in the Upper Midwest — are farmer-owned cooperatives.

The amount of grain that shareholders are required to commit to ethanol production can vary according to the rules of the cooperative. That is one of the questions southcentral Pennsylvania leaders will address as

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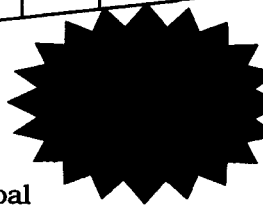
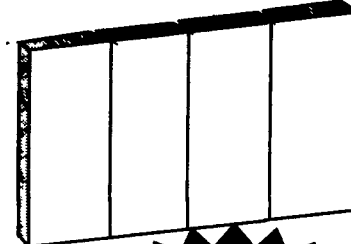
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