



**October 7, 2009**

**The Global Warming Task Force:  
A Special Series of Hot Air Reports – Part 4  
*E85 – Even more ethanol for Wisconsin***

Governor Doyle's Global Warming Task Force calls for dramatically increasing the number of gas stations selling E85 in Wisconsin. E85 is gasoline containing up to 85% ethanol and is not compatible with most car engines on the road today. Under this proposal, you would pay for building new ethanol gas pumps all across the state.

When the Task Force Report was published in 2008, there were 61 Wisconsin gas stations selling E85. The Task Force calls for 500 E85 stations by 2015 and estimates this will cost \$11 million. This is one of the few cost estimates in the Task Force Report.

By 2020, 50% of all Wisconsin gas stations would sell E85. The Task Force does not state the total number of gas stations in Wisconsin, but according to the U.S. Energy Information Administration, Wisconsin had 4,024 gas stations in 2008. If the number of gas stations stays constant in 2020, over 2,000 pumps would need E85 capability. That means 1,500 pumps would be converted between 2015 and 2020.

According to the Task Force Report, it costs \$25,000 to convert a single pump to E85 capability. If their estimate is correct, that's another \$37.5 million for 1,500 pumps. And the cost doesn't end there. E85 is more expensive than regular fuel, so the Task Force wants your taxes to make "*E85 price competitive with regular unleaded fuel.*" (page 143, Global Warming Task Force Report). This could be wildly expensive, since the Task Force estimates the subsidy on each gallon would likely be 32.9 cents. They do not state how many gallons would need to be subsidized, but it would certainly be into the hundreds of millions.

To recap:

- By 2015, 500 gas stations in Wisconsin would sell E85, possibly costing you \$11 million.
- By 2020, half of all gas stations would sell E85. The total cost of conversion could be in the \$48.5 million range (\$11 million plus \$37.5 million) to convert just one pump at each station according to Task Force estimates.
- To make E85 competitive with regular gasoline, Wisconsin would subsidize every gallon of E85 sold. This cost is unknown, but would be astronomical.

What happens after we build this infrastructure? If people don't want E85, will we pass laws requiring that a certain number of cars sold in Wisconsin have an E85 engine? If the price of ethanol goes through the roof, will taxpayers pay larger subsidies and pay more at the pump? How will a major increase in the production of ethanol impact food prices? Why should taxpayers pay for a gas station to alter its equipment? On the other hand, what if large numbers of gas stations go out of business because E85 fails and stations cannot adapt?

As you have probably noticed, it is almost impossible to find a gas station without 10% ethanol now. Many people think that Wisconsin has an ethanol mandate, but actually we have no mandate at the state level. There were efforts to mandate ethanol in Wisconsin, but those efforts failed.

The reason you see so much 10% ethanol is because the U.S. Congress passed a renewable fuels mandate that required 9 billion gallons of renewable fuels be produced in 2008 and 36 billion gallons by 2022. Industry has no choice but to include ethanol in almost every gallon of gas you buy. This will only get worse if the Global Warming Task Force has its way.

Given the already widespread opposition to 10% ethanol, what will it be like when E85 is everywhere? I don't know which parts of the Task Force Report recommendations will be included in the Democrat's upcoming global warming legislation, but I would not be surprised to see an E85 proposal included.

One final point - a reminder of why Governor Doyle wants us to pass expensive and intrusive legislation: He wants to make our climate cooler. This comes on the heels of continuing reports that Wisconsin's corn yield will likely be down because of this year's unusually cool growing season.

Access all my reports online, at: <http://www.legis.state.wi.us/assembly/asm23/news/media.htm>.

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