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NEBRASKA ETHANOL ON THE MOVE

Nebraska football's goal is to "Restore the Order" to be a nationally ranked power in football once again. The current Nebraska Ethanol Industry expansion is really getting warmed up for some major changes to be a national powerhouse. The Cornhusker state has an opportunity to surpass highly ranked Iowa and Illinois to become the number one ethanol producer in the nation.

Currently there are 12 ethanol plants that are producing ethanol in Nebraska with 10 locations with steel on the ground. In the near future, these 22 locations will have the combined production capacity greater than 1.2 billion gallons of ethanol per year. To give you a perspective on fuel consumption, we use 1.6 billion gallons of diesel fuel and gasoline in Nebraska. Of this, we consume approximately 941 million gallons of gasoline. The 22 plants in the near future could produce enough fuel to replace Nebraska's gasoline fuel use. But there's more to this picture.

There are at least 32 additional proposals for ethanol plants. Saline County producers will be impacted by nearby plants under construction at Adams and Fairmont, Nebraska. If proposals at Hallam and Jansen go through, we are talking about a huge supply of distillers grain feed available in our area in the near future. Of the 32 proposed projects, approximately half are entirely speculative. In other words, a group of investors gain land options and permits for sites and are hoping a financial management firm will buy them out. This recently happened near Norfolk, Nebraska.

With the help of irrigation and new technologies and seed, Nebraska farmers are producing billion bushel crops. The record corn crop in Nebraska was in 2004 at 1.3 billion bushels. Last year's crop was 1.27 billion bushels. Current technology allows 2.7 gallons of ethanol to be produced from one bushel of corn.

In 2004, Nebraska exported 479 million bushels of corn. We processed another 309 million bushels to ethanol and the food market and we fed the majority of the remaining bushels (279 million bushels) to livestock. If you add our entire Nebraska export bushels and processed bushels, that is 788 million bushels of corn. If processed to ethanol, that is over 2 billion gallons. Let's say if only one-third of the 32 projects being proposed in Nebraska come online in the future, ethanol production capacity could be the same number, over 2 billion gallons of ethanol per year. Nebraska becomes an importer rather than exporter for corn. Grain movement patterns greatly change.

Certainly there is a potential for Nebraska farmers to utilize all the grain they grow within our own state. Think about all the growth in jobs including the required growth that has to occur in the trucking industry in the next several years. The ethanol expansion in this state will be impacting the price of grain, the cattle feeding industry, the trucking industry and jobs in rural areas. The quality of the jobs will depend largely on who owns the plant and how decisions are made within these plants.



Nebraska has the potential to be the number one or two producer of ethanol in the country. We will export more bio-fuel than we use and consume. Todd Sneller of the Nebraska Ethanol Board expects by the end of 2007 we will exceed 1.5 billion gallons of fuel capacity. Recent plant openings generally mean an average increase of 6.9 cents per bushel compared to past history to the local grain producer. Grain distribution patterns will greatly change in this state and grain originators (local elevators) have new opportunities to get connected in.

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