

Ethanol Demand in Iowa Falls Short of Blend Wall



Iowa Lagging Behind in Ethanol Sales

Iowa—the number one ethanol producer and corn grower in the United States—reaps arguably the greatest benefits from the Renewable Fuel Standard program, but on average, there is less ethanol in the motor fuels that Iowans buy [at their local retailers] than what consumers buy in the rest of the country as a whole.

In 2016, fuel ethanol accounted for just 9.2 percent of the volume of total gasoline and fuel ethanol sales in Iowa.ⁱ

Table 1. Iowa Gasoline, Diesel, and Biofuel Sales for Calendar Year 2016

Fuel Type	Locations	Gallons Sold	Pure Petroleum/Diesel	Pure Biofuel
Gasoline (Non-Ethanol)	1,748	218,582,285	218,582,285	0
Ethanol				
E10	2,045	1,349,450,366	1,214,505,329	134,945,037
E15 Registered	124	4,951,912	4,209,125	742,787
E15 Flex	36	582,203	494,873	87,330
E20	89	3,031,908	2,425,526	606,382
E85	257	13,471,861	2,829,091	10,642,770
Total Ethanol	2,050	1,371,488,250	1,224,463,944	147,024,306
Total Gasoline and Ethanol	2,129	1,590,070,535	1,443,046,229	147,024,306
Ethanol Share	96.3%	86.3%		9.2%

Table is sourced exactly from page 6 of the Iowa Department of Revenue 2016 Retailers Fuel Gallons Annual Report.^{vii}

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These calculations indicate that during 2016 pure ethanol comprised 9.2 percent of the volume of total gasoline and ethanol fuel sales.”

While urging for more aggressive biofuel mandate volumes and year-round sales of higher ethanol-blend fuels, **Iowa isn't carrying its own weight in terms of RFS consumption**. If state-level demand in Iowa is yielding lower sales than in the rest of the country—and data from the Iowa Department of Revenue assessing 90 percent of actual retail fuel sales suggests that it is—it would be wrong to increase the RFS burden in other states simply so that Iowa and the biofuel lobby can continue benefiting.

Iowans and Ethanol-Free Fuel

Iowans bought more than 200 million gallons of ethanol-free E0 fuel in 2016.ⁱⁱⁱ That's more E0 than what EPA projects the entire country will be able to buy in the near future while still satisfying growing annual biofuel obligations under the RFS. In fact, **more E0 is sold in Iowa than E15 and all flex fuels combined**.

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EPA projected in its final 2016 RVO ruling that the national supply of EO fuel would need to shrink to 200 million gallons since that volume, “represents our best estimate of the most likely maximum volumes that can be attained by a market responsive to the RFS standards.”^{iv}

In the 2017 RVO ruling, EPA repeated this: “The RFS program would result in all but a tiny portion—estimated at 200 million gallons—of gasoline to contain at least 10 percent ethanol.”^v

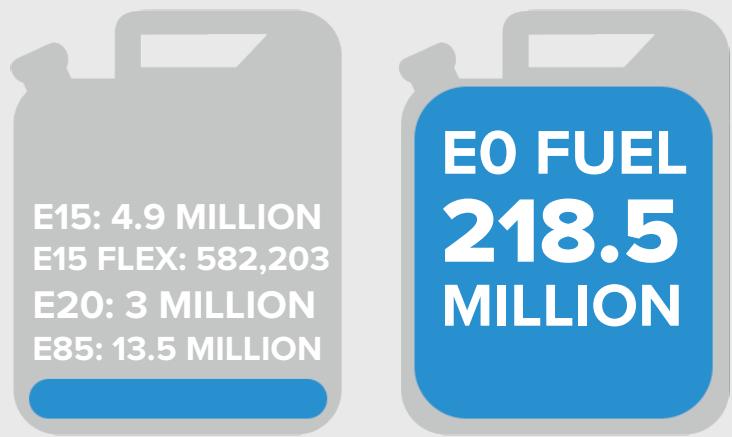
EPA’s forecast of a near phase-out of EO—to just about 200 million gallons nationally—isn’t going to pan out if Iowa is any indication. **Consumers want EO**, and RFS mandates should not be so dissociated from market demand that the availability of ethanol-free fuel is threatened unless the sales of E15 and flex fuels rise in tandem.

A Note About IDR and EIA Data

Some point to EIA state-level ethanol consumption [estimates](#) to suggest that ethanol comprises a greater share of Iowa’s fuel supply. This expressly contradicts EIA’s own instructions that “[b]ecause of differences in data sources and estimation methods, the ratio of fuel ethanol consumption and motor gasoline consumption should not be interpreted as the average ethanol blend rate.”^{vi} A more accurate measure of Iowa’s state-level ethanol blend rate is found in actual retail data reported by the Iowa Department of Revenue. Fuel retail data may not include all industrial and commercial use, but it is unlikely that fuel use in those categories would vary significantly from the percentages reported by Iowa Department of Revenue.

**More EO is sold
in Iowa than
E15 and any
other flex fuels
combined.”**

**measured in gallons*



^{iv}Harpole, Kathy and Hamid Awan, [2016 Retailers Fuel Gallons Annual Report](#), Iowa Department of Revenue, October 2017. Actual quote: “These calculations indicate that during 2016 pure ethanol comprised 9.2 percent of the volume of total gasoline and ethanol fuel sales.”

^v2016 Supply & Disposition of Petroleum and Other Liquids, U.S. Energy Information Administration, January 31, 2018; and [U.S. Product Supplied of Finished Motor Gasoline](#), U.S. Energy Information Administration, January 31, 2018.

^{vi}2016 Retailers Fuel Gallons Annual Report.

^{vii}Renewable Fuel Standard Program: Standards for 2014, 2015, and 2016 and Biomass-Based Diesel Volume for 2017, Environmental Protection Agency, Federal Register Vol. 80, No. 239, Monday, December 14, 2015.

^{viii}Renewable Fuel Standard Program: Standards for 2017 and Biomass-Based Diesel Volume for 2018, Environmental Protection Agency, Federal Register Vol. 81, No. 238, Monday, December 12, 2016.

^{ix}Table F4: Fuel ethanol consumption estimates, 2016, U.S. Energy Information Administration (see notes section at end of table).

^x2016 Retailers Fuel Gallons Annual Report, page 6.