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# Tech Entrepreneurs Seek More Ethanol in Gasoline to Lower Prices

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Do you want a return of \$2-a-gallon gasoline?

Before the recent jump in oil prices put low costs in the rear-view mirror, American drivers had a brief taste of the 1990s at the pump. Now technology multimillionaires Eyal Aronoff and Yossie Hollander and former Shell Oil Co. president John Hofmeister say the U.S. could make low prices permanent if more ethanol and [methanol](#) from cheap natural gas are added to the mix.

Standing in the way, according to the [Fuel Freedom Foundation](#), is inertia from drivers and retailers, and an obscure Environmental Protection Agency rule meant to prevent drivers from tinkering with their vehicles to bypass pollution-control equipment.

“We will never get past the volatility of oil until we get to alternatives to oil,” Hofmeister said Thursday at a forum on the topic in Washington. For regulators, “the easiest job in the world is just to say no.”

As refiners and drillers fight in Washington over the federal Renewable Fuel Standard, which requires adding a certain level of ethanol or biodiesel to fuel each year, Hofmeister and [Fuel Freedom](#) say opening the market to more fuel choices could accomplish more than the mandate. The group is an independent nonprofit group in Irvine, California, that advocates for policies to spur gasoline alternatives.

## Cut Dependence

Fuel Freedom’s request that the EPA let drivers -- or auto mechanics -- reset their car’s software has so far gone unanswered. And without agency approval, getting new retailers on board has remained an unfulfilled goal. The EPA also prohibits the use of methanol in vehicles.

“EPA supports fuel choice innovation, however, modifying a vehicle to run on a different fuel than it was designed for could, inadvertently, cause increased emissions of pollutants including

those that form smog,” said Liz Purchia, an agency spokeswoman. “The Clean Air Act prohibits modification of a vehicle in a way that increases emissions so that they no longer meet EPA standards.”

Cutting demand for gasoline requires getting retailers such as Wal-Mart Stores Inc., Costco Wholesale Corp. and Wawa Inc. to sell blends that exceed the 10 percent ethanol cap, Hollander said. If ethanol or methanol were made from cheap natural gas, they could be blended at 30 percent -- so-called E30 -- or even as high as 85 percent.

## Higher Blends

Ethanol and methanol boost octane in gasoline, and automakers such as Ford Motor Co. have called for higher blends to help them meet increasingly stringent federal fuel efficiency standards. Boosting ethanol or methanol infrastructure would be easier than building new pumps or charging stations for fuel cell or electric vehicles, the proponents say.

“Having this high octane fuel in the mix would allow better mileage,” said Brian West, deputy director for fuels at Oak Ridge National Laboratory. According to West, 42 percent of the energy in corn ethanol comes from natural gas.

Even though a gallon of pure ethanol has about 67 percent of the energy provided by the same volume of gasoline, at current prices a fuel with a higher mix could be sold at a discount to gasoline, according to industry calculations. The average retail price of gasoline rose 3.7 percent to \$2.664 a gallon this week, according to the Energy Information Administration. Oil ended at \$60.93 on Wednesday, highest since December.

Hofmeister said oil will increase to \$80 a barrel by the end of this year, from less than \$50 in March.

## Greenhouse Emissions

Two of Fuel Freedom’s founders, Aronoff and Hollander, are former software entrepreneurs who sold their companies for millions and now fund a variety of charitable causes. Emigrants from Israel, they say they want to cut American dependence on the combustible Middle East for oil.

Their plan has spurred criticism. Some environmental groups oppose relying on ethanol derived from corn, saying the process emits more greenhouse gases than gasoline production.

If a boost in corn production from more acres to meet demand for the additive is taken into account, ethanol is worse for the climate than gasoline, said Emily Cassidy, a researcher at the Environmental Working Group, which opposes corn ethanol.

And ethanol or methanol from natural gas is not an improvement over gasoline, said Dan Becker, director of the Safe Climate Campaign, a Washington-based watchdog group.

“It takes an enormous amount of energy to produce them,” he said. “The problem is that every one of these ideas sounds great until you start looking at them closely.”

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