

Contact: Matt Roberts
(703) 248-3636
mroberts@methanol.org



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Methanol Institute Supports Open Fuel Standard Act

(Alexandria, VA) – As the trade association for the global methanol industry, the Methanol Institute supports the introduction of the Open Fuel Standard Act of 2011 (H.R. 1687) in the U.S. House of Representatives. This bipartisan bill was introduced by Representatives John Shimkus (R-Ill.), Eliot Engel (D-NY), Roscoe Bartlett (R-MD), and Steve Israel (D-NY).

The OFS represents the single largest step the United States can take on the path to increased energy independence and creates a pathway to sustainable, renewable sources of energy while enabling open markets to drive innovation instead of picking winners and losers. As an ‘all of the above’ energy policy for the U.S. transportation sector, the Open Fuel Standard Act will require that starting in 2014, 50% of new automobiles be alternative vehicles capable of operating on another fuel in addition to, or entirely in place of, petroleum – whether natural gas, electricity, bio-diesel, alcohol fuel (methanol and ethanol), hydrogen, fuel cells or others. The OFS creates a marketplace where these fuels compete with each other for consumer dollars, based on their convenience, environmental performance, and most importantly, cost.

“The Open Fuel Standard Act is all about choice,” said Methanol Institute Executive Director Gregory Dolan. “By ensuring that new cars can operate on something other than gasoline, Americans can reap the benefits of multiple alternative fuels. Methanol in particular is poised to play significant role in reducing our dependence on gasoline, as the most affordable, easily deployed, sustainable fuel available that would retail at the pump today for just \$3.19 per gasoline equivalent gallon.”

Methanol, also known as “wood alcohol,” is produced primarily from natural gas, but is also produced from a wide range of renewable feedstocks such as biomass, agricultural waste, landfill gas, timber waste, and even waste CO₂. As a qualifying alternative fuel in the Open Fuel Standard Act, clean burning methanol would provide a tremendous cost-savings to consumers while dramatically reducing harmful emissions from automobiles.

The U.S. pioneered methanol fuel blending in the 1980’s and 1990’s, putting 20,000 methanol flexible fuel vehicles (FFVs) – cars capable of running on any combination of methanol (up to 85%) and gasoline – on the road. California’s 200 million miles driving experience with methanol demonstrated that the technology for methanol flexible fuel capability is feasible, efficient and affordable, and that there are no technical hurdles to broad methanol adoption. Additionally, the costs for critical infrastructure such as methanol fueling pumps is low compared to other technologies, with the cost for a methanol compatible tank and pump just \$60,000.

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124 South West Street, Suite 203, Alexandria, VA 22314 – (703) 248-3636
Suntec Tower Three 8 Temasek Blvd., Singapore 0308988 – (65) 6866 3238
www.methanol.org

Today, producing new cars with gasoline, ethanol and methanol, or “GEM,” flexible fuel capability would cost about \$100 per vehicle. This modest investment provides huge dividends to the consumer. At today’s prices, methanol costs only \$1.04 per gallon wholesale. Adding distribution costs, state and federal taxes, and accounting for methanol’s lower energy content than gasoline, the effective price for the consumer filling up with M-85 is just \$3.19 per gallon. If we were to replace only 10% of our transportation fuel with methanol, American consumers would save \$38 million every day, and over \$14 billion every year while preventing the flow of billions of dollars for purchasing oil from overseas.

Further, providing consumers with alternative fuel choices like methanol, ethanol and biodiesel puts considerable competitive pressure on rising gasoline prices, making every fill-up cheaper, and reducing the impact that the high cost of oil has on every facet of consumer’s lives.

Methanol has superior fire safety characteristics given that it does not ignite as easily as gasoline, burns with 1/8th the heat of gasoline, and is less likely to cause deadly fires. The U.S. Environmental Protection Agency estimated that because of methanol’s low volatility and ‘inherent fire safety advantages,’ a switch to methanol fuel could save hundreds of lives each year, and millions of dollars in property losses.

“The Methanol Institute is proud to support this bipartisan legislation,” Dolan stated, “At a time of fragile economic recovery, this practical energy solution will provide considerable savings for consumers without the need for our federal government to put forth any investment.”

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**The Methanol Institute serves as the trade association for the global methanol industry.
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