

Ohio News Watch

Hope rises from boom in biofuels

By GAIL C. KECK

THE promise of increased grain demand for biofuels and this season's higher grain prices helped bring an optimistic mood to the recent Ohio Corn/Soy Annual Meeting.

"It feels good to be a corn and soybean farmer in Ohio again," said Mark Drewes, president of the Ohio Corn Growers Association.

To help members understand today's opportunities and the continuing challenges in grain production, the Ohio Corn Growers Association and the Ohio Soybean Association devoted much of the program at their joint annual meeting to biofuels.

Sources of support

Ag industry leaders have worked for years to promote and develop the production of biofuels and those efforts are starting to pay off, noted Plain City farmer Fred Yoder, past president of the National Corn Growers Association, who led one of the sessions.

"The ethanol industry is the best 30-year, overnight success there ever was," he said.

Even so, Yoder noted, more work is needed to develop the biofuels industry. For instance, while ethanol has replaced

Key Points

- Commodity group leaders are optimistic about grain markets.
- Growth of renewable fuels is helping strengthen demand.
- Market changes will bring challenges.

methyl tertiary butyl ether as a fuel additive, E85 fuel is available only at widely scattered retailers and is often sold at a premium.

Retailers are reluctant to make it available because there aren't enough flexible-fuel vehicles on the road to make it profitable, but vehicle manufacturers aren't making more flex-fuel vehicles because the fuel is not available.

Solving such dilemmas will take the combined efforts of grain producers, processors, retailers, fuel blenders and vehicle manufacturers, as well as favorable government programs and policies, explained Yoder.

Government boost

Many factors contributed to the recent growth in Ohio's biofuels industry, according to Tom Fontana, director of New Use Development for the Ohio Soybean Council.

Higher fuel prices, the desire for energy independence, envi-



ETHANOL SUPPORTER: Fred Yoder (center) discussed new Buckeye ethanol plants during a public hearing conducted by Ag Secretary Mike Johanns in Marysville last fall.

ronmental concerns, improvements in biofuel performance, and even Hurricane Katrina have played a part. Tax incentives and government grants have encouraged businesses to invest in biofuels, as well.

Ohio will be continuing its support for biofuels through alternative-fuels transportation grants authorized by House Bill 245, Fontana added. This program will offer \$1 million in grants for the installation of alternative-fuel distribution facilities and for the promotion of alternative fuels.

The legislation also requires many state vehicles to use biodiesel or E85.

Expansion planned

In 2006, Ohio had three biodiesel producers who made about 35 million gallons of biodiesel.

If proposed expansions and additional facilities are completed, the state will be making about 185 million gallons by 2008, Fontana said. That will require 135 million bushels of beans, which is 66% of Ohio's 2005 soybean production.

While Ohio does not yet have a grain-based ethanol plant in operation, six are now under construction and are likely to be in operation by the end of 2007, said Dwayne Siekman, executive director of the Ohio Corn Growers Association.

The combined facilities have a production capacity of about 390 million gallons. If additional proposed plants are built, Ohio could be producing 830 million gallons annually within two or three years, Siekman added. That level of production would require more than half of Ohio's annual corn crop.

The permitting process for additional plants won't be as time-consuming as it was for the first few, Siekman said.

The Ohio EPA has streamlined the process and reduced the time line from 18 months to about six months.

One company was able to complete the permitting process in only four months and seven days, but the plant had access to city water, reducing the paperwork required, he added.

Keck writes from Marysville.

Ethanol bites feed rations

WHILE the increased demand for corn and soybeans should bring a welcome boost to prices for grain producers, the livestock industry in Ohio and other states will also be impacted, says Paul Bertels, director of biotechnology for the National Corn Growers Association.

Ohio has a unique position in the country as the "gateway to the east," he notes. It is the closest source of grain for livestock and poultry producers along the East Coast.

As corn is diverted to ethanol production, some can be replaced in livestock and poultry diets with the dried distillers grain produced along with ethanol, Bertels points out. However, even feeding DDG at the maximum inclusion rate wouldn't use all the DDG that will be available.

Researchers are working on the process of fractionation to make ethanol byproducts more usable for swine and poultry producers.

The fractionation process separates out the oil that can cause problems in swine and poultry diets if levels are too high. The end product is higher in protein, lower in oil and lower in fiber than DDG, allowing producers to include higher percentages in their rations.

An increase in the supply of DDG or fractionated ethanol byproducts will have a negative impact on the price of soybean meal, according to Bertels. At the same time, biodiesel production will be increasing the value of soybean oil.

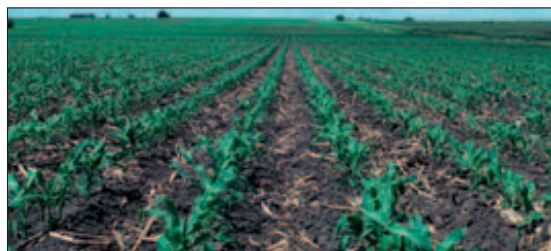
Eventually, farmers might see protein become the cheaper feed ingredient compared to energy, Bertels adds.

"That would invert the current situation."

Grain demand sparks continuous-corn interest

AS farmers anticipate increased demand for corn due to expansion of the ethanol industry, some are planning to expand their corn acreage by planting corn after corn. Before making this decision, consider the economics as well as agronomic and environmental factors, advises Dave Scheiderer, a certified crop consultant who runs Integrated Ag Services based in Marysville.

Scheiderer, who spoke at the recent Ohio Corn/Soy Annual Meeting, said managing crop residue is the primary challenge with corn after corn. It ties up nitrogen, allows diseases to overwinter and harbors insects. It can also hold soil moisture longer, which can delay planting and contribute to compaction.



Chisel plowing to bury the residue would reduce these problems, but it might be incompatible with conservation plans. Strip tillage is another option, but it can be difficult getting it done when conditions aren't right, Scheiderer noted.

"Be prepared to do it when it's fit, even if it means shutting the combine off." He recommends strip tilling between the rows, not over the old rows.

"Don't replant on the root balls," he stressed.

If you are planning to no-till corn after corn, select your best yield environment: high-yielding fields with good drainage, he advised.

If you have access to liquid livestock manure, apply it to help break down residue and balance carbon-to-N ratio. An AerWay applicator works well to put manure in contact with

residue, he added.

Keep in mind that additional N will be needed when corn is not following soybeans or another legume.

"Sidedressing is a must," Scheiderer stressed. He does not recommend broadcasting 28% N along with herbicides because too much of it is lost to the corn crop. It remains tied up on the residue.

Traited hybrids with insect resistance can be especially helpful in continuous corn, Scheiderer said. Consider the insect pressure on your farm and the cost of insecticide treatments.

On the other hand, be sure to base your hybrid selection on the genetics you need for top yields on your farm before picking insect-resistance traits. "Yield is still king," he noted.