Ethanol burden on few shoulders

States vary widely in their production of biofuels, leaving the Corn Belt, at least for now, largely responsible for meeting the country's fuel goals.

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NEW YORK (CNNMoney.com) -- In the march for American energy independence, not every state is stepping at the same pace.

Corn Belt states outproduce their counterparts three gallons to one when it comes to making ethanol, the alternative energy that federal officials consider the key to the nation breaking its dependence on foreign oil.

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And local production is the key to keeping ethanol relatively inexpensive. With the U.S. lacking a pipeline for mass ethanol distribution, moving it great distances will be costly. Those living closer to ethanol centers, then, would be in a better position to buy the fuel for less.

Some in the industry believe the federal government needs to take a greater role in making sure individual states achieve their goals when it comes to biofuel production.

"I think there's a lot of good talk, but I think there really does need to be a greater directional investment by the nation, working together with the states, so that everybody is on the same page," said Dana Weber, executive director of the Florida Biofuels Association. "I don't see that quite happening yet."

Takes fuel to move fuel

Outside the country's corn-producing leaders, efforts to produce biofuels vary widely. In the Northeast, Pennsylvania has moved forward with several measures outlined in Gov. Ed Rendell's Penn Security Fuels Initiative. Conversely, New York and New Jersey produce no ethanol, though two plants are expected to come on line in New York in the next few years.

The states vary not only by ethanol production but also its availability.

In New York, more than 180,000 vehicles on the road can run on the flex-fuel ethanol mix known as E85, but their drivers would have little luck finding a filling station in the New York City area that offers the blend.

By contrast, Missouri has 67 stations that offer E85, South Dakota has 56 and Michigan has 38.

Reducing the state-to-state disparities, though, could be a key for Americans to meet the Renewable Fuels Standard (RFS) goals, which include a mandate to produce 36 billion gallons of biofuels by 2022. But with more than half the states producing no ethanol, reaching the RFS as outlined by President Bush could prove an arduous task.

The top five producers in the $40 billion ethanol industry are Iowa, Illinois, Nebraska, Minnesota and South Dakota. Together, they crank out 4.7 billion gallons a year - about 75 percent of the national supply - and

each of those states plans significant additions to those totals as new plants under construction come on line over the next few years.

But where does that leave states without access to large corn supplies and ethanol plants?

Gas prices fall, but look out

Take Florida. While it does produce corn, it is without an existing ethanol plant and has none under construction.

The state government, though, has begun an aggressive funding program aimed at developing alternative energy sources, including the types of biofuels that will be needed to reach Gov. Charlie Crist's goals that the state's energy sources be 20 percent renewable by 2020.

"One of the challenges we have is this is all very new territory. There's a lot of technologies out there," Weber said. "Everybody's trying to figure out what is going to be the best thing not only for their state but also globally."

Similarly, Pennsylvania is debating Gov. Rendell's strategy to get the state to produce 1 billion gallons of biofuels by 2017. A plant in Clearfield County, in the central and highly agricultural part of the state, is going through the permitting process and will produce a respectable 108 million gallons of ethanol a year.

Nevada, meanwhile, is taking a strategy similar to other states that don't and likely won't produce large amounts of ethanol: mandating that regular gasoline be blended in the winter with ethanol, a practice the state has been engaged in since 1991.

In addition, the state is funding university-level research and plans, at some point in the years ahead, to have at least a few plants that will produce both corn-based and other forms of ethanol.

Ethanol makers pursuing avenue 'Q'

"I would like to see us get a little more aggressive," said Jason Geddes, business development manager for clean energy at the Economic Development Authority of Western Nevada.

Several states are moving aggressively in developing cellulosic ethanol, which uses various materials from the biomass including switchgrass, corn stalks, wood chips, municipal waste and other substances. Among the cellulosic leaders have been Tennesee and Georgia, where dot.com billionaire Vinod Khosla has financed the construction of a plant that will use the state's abundant long-leaf pines to create ethanol.

Chad Hart, an agricultural economist at Iowa State University, said the successful development of cellulosic ethanol will be a key in how well the nation meets the RFS. The RFS calls for cellulosic ethanol to comprise 21 billion of the 36 billion ethanol gallons. However, no cellulosic plants are currently in operation.

"We still are trying to figure out if this is going to work or not on the cellulosic side," Hart said. "You're seeing various spots across the country concentrate on the cellulose they have available now. It will be interesting to see how those develop."