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Iogen, VW look to build ethanol plant

Biofuel cuts carbon dioxide emissions

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OTTAWA -- One of the world's largest auto makers is hooking up with an Ottawa technology company with the hope of becoming the first car company to invest in an alternative fuel for existing vehicles.

Volkswagen AG of Germany and **Iogen Corp.** say they're considering building the world's first cellulose ethanol plant, a fuel that can be used with standard vehicles but is not yet mass produced.

"We are strongly committed to reducing dependence on fossil fuels," said VW chief executive officer Bernd Pischetsrieder yesterday in a press release.

Senior officials at the two firms, along with international oil giant **Royal Dutch Shell PLC**, announced yesterday at the North American International Auto Show in Detroit they will conduct a feasibility study into a proposed facility in Germany.

The plant could one day help Europe reduce its carbon dioxide emissions, while cutting dependence on oil-producing regions such as Russia and the Mideast. Concerns about gas supplies jumped in recent weeks as Russia threatened to cut off or reduce supplies to Ukraine over a pricing dispute.

Many countries also hope alternative fuels such as cellulose ethanol will help to achieve their commitments to the Kyoto Protocol.

The study into the proposed German facility is expected to be completed within the next few months but the firms have not yet released a timetable for the plant. Iogen has also said it hopes to build cellulose ethanol plants in North America.

Cellulose ethanol, which can be used as a fuel or fuel additive, is made from materials such as corn stalks and other agricultural waste. If it ever becomes a staple at the pumps, it would likely be as a 10-per-cent blend with unleaded gas.

That's similar to the way grain-based ethanol is already used and sold at some Canadian gas stations. It's made from corn and other organic materials.

Some proponents say cellulose ethanol cuts carbon dioxide emissions by about 90 per cent and is environmentally superior to grain-based ethanol because it's made largely from agricultural waste.

Cellulose ethanol is considered one of the more promising alternative fuels and is particularly popular with many environmentalists because it uses agricultural waste and would create a

potentially important new market for farmers.

Dave Martin, energy co-ordinator for Greenpeace Canada, said cellulose ethanol is "a very positive step." Grain-based ethanol does little or nothing to help the environment, he said, because of the energy and pesticides used to make the corn and other inputs. "It's a totally different story."

Iogen is considered the world leader in cellulose ethanol technology and in 2004 made the world's first commercial delivery. Its key equity stakeholders include Royal Dutch Shell, Petro-Canada and the Canadian government.

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