

Omaha (AP) – Nebraska's ethanol industry continues to expand along with the overall industry, but unlike a few years ago when new plants were being announced on a regular basis, the expansion today has taken on a new form.

Now the state's 24 ethanol plants are gradually adding to their roughly 2 billion gallon annual capacity by becoming more efficient.

"The most efficient way to add production is at existing plants," said Todd Sneller, Nebraska Ethanol Board administrator.

Nebraska continues to rank second nationally in ethanol production, with the capacity to make 2.1 billion gallons of the fuel from 700 million bushels of corn each year.

The Renewable Fuels Association trade group doesn't list any new ethanol plants under construction in Nebraska currently. Just five years ago, more ethanol plants were under construction than were operating in the state. In January 2007, Nebraska plants had 655.5 million gallons capacity while plants capable of producing 965 million gallons were under construction.

One way Nebraska's ethanol plants are improving their capacity is by upgrading their railroad shipping facilities.

The KAAPA Ethanol plant near Minden is completing a 20,000 foot rail loop that will allow it to load a 96-car train with ethanol instead of just one car.

That translates into a significant improvement in efficiency.

Shipping entire trains of ethanol cuts the transit time to 10 days. Previously, a single car of ethanol from the KAAPA plant might take more than 30 days to reach its destination.

"In the case of the 96-car train, it's hooked up here and it's not disconnected till it gets there," Woodside said.

Most Nebraska ethanol plants either have the capacity to load entire trains now or have included land for the needed rail track within their plant design, Sneller said.

Another way ethanol capacity is growing is plants that closed when some companies failed during the recession are now being renovated and reopened. It's cheaper to use those existing facilities than to build new.

Right now, Kansas City, Mo.-based Spectrum Business Ventures is working to revive a shuttered ethanol plant near Mead in eastern Nebraska that will add 25 million gallons capacity when it reopens this spring.

The state's corn-based ethanol plants are also working boost production with improved recipes and enzymes, Sneller said. And when methods are perfected to use cellulosic fuels instead of grain, ethanol plants will probably look at adding that capability to their operations.

But expansion in the ethanol industry may slow in the near future until the country can come up with a way to use more of the fuel. The U.S. ethanol industry is already capable of producing 15 billion gallons every year.

Sneller said that's more than enough to account for 10 percent of the nation's fuel supply.

"We've reached a saturation point," Sneller said.

The ethanol industry hopes the Environmental Protection Agency will approve the use of as much as 15 percent ethanol in a gallon of gas, so more of the fuel can be blended with gasoline. The industry is lobbying to increase the number of flex fuel vehicles sold because those vehicles can handle fuel that's up to 85 percent ethanol.

The driver for continued expansion of the industry is the national renewable fuels standard,

which will require 36 billion gallons of biofuels to be blended into gasoline by 2022, including 16 billion gallons of cellulosic ethanol.