

## Overview of 2008 Research on the Impact of Ethanol Blending on U.S. Retail Gasoline Prices

Source	Conclusion	Methodology	Date
U.S. Department of Energy and Department of Agriculture	Without ethanol, today's gasoline prices would be 20¢ to 35¢ per gallon higher.	Substitution effect calculated based on current price differential between ethanol and gasoline; assessment of impact of ethanol on fossil gasoline price based on petroleum supply elasticity.	June 6, 2008
McKinsey and Company, Inc., DOE/National Renewable Energy Laboratory	Ethanol blending in the U.S. is keeping U.S. retail gasoline prices about 17¢ per gallon lower than they would be with no ethanol (14¢ if we subtract the cost of the ethanol subsidy). As mentioned above, this takes into account the lower mileage impact of ethanol. If available ethanol volumes can be increased economically, ethanol has the potential to lower gasoline prices even further.	<a href="#">Subcontract Report, NREL/SR-670-44517, November 2008.</a> The reference study for this table.	November 2008
Merrill Lynch	U.S. retail gasoline prices today would be 50¢ per gallon higher without ethanol.	Assessed impact of ethanol on fossil gasoline supply demand balance and pricing (methodology not clear)	June 6, 2008
LEGC	E10 gasoline in Missouri will be 7¢ per gallon cheaper than conventional gasoline over next 10 years.	Substitution effect calculated based on 2008 AEO gasoline and ethanol price projections	April 2, 2008
	Ethanol blending at E10 in South Dakota saved consumers 11¢ per gallon in the period March 2007 – March 2008.	Substitution effect calculated based on gasoline and ethanol prices	June 26, 2008
Iowa State University	Ethanol blending reduced gasoline prices on average by 29¢ to 40¢, depending on region in U.S., over 1995-2007 period.	Regression analysis of gasoline price with ethanol production, crude oil and product market conditions, refinery capacity and utilization, gasoline imports and seasonality as variables	April 2008
Renewable Fuels Association	Consumers should be realizing a 13¢ savings per gallon by utilizing E10 if refiners are passing through savings	Substitution effect calculated based on current price differential between ethanol and gasoline; assessment of impact of ethanol on fossil gasoline price based on petroleum supply elasticity	June 3, 2008

Source: [Subcontract Report, NREL/SR-670-44517, November 2008](#)