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Kick the oil habit and make your own ethanol

By Timothy Gardner

NEW YORK (Reuters) - A new company hopes drivers will kick the oil habit by brewing ethanol at home that won't spike food prices.

E-Fuel Corp unveiled on Thursday the "MicroFueler" touting it as the world's first machine that allows homeowners to make their own ethanol and pump the brew directly into their cars.

The portable unit that sells for \$10,000 resembles a gasoline station pump and nozzle -- minus the slot for a credit card, or the digital "SALE" numbers that whir ever faster at retail pumps as global demand pushes fuel prices to record levels.

Instead of tapping gasoline from an underground tank, the pump's back end plugs into home power and water supplies to make ethanol for as little as \$1 a gallon (3.8 liters), according to E-Fuel.

The company says one of the machine's top selling points is its sweet tooth. It ferments fuel from sugar, the price of which is historically cheap as global supplies are glutted.

That means it avoids the Achilles heel of today's U.S. ethanol system -- reliance on corn -- which has been blamed for helping to spike global food prices.

"There's no mother in America crying that their kids aren't getting enough sugar," Tom Quinn, CEO and founder of E-Fuel said in an interview.

Regular table sugar alone is too expensive, so E-Fuels says it will link customers to cheaper surplus supplies, including inedible sugar from Mexico that sells at a fraction of the price. It also hopes to get users to help pay for feedstock by selling carbon credits for using the machine, since making ethanol from sugar emits fewer greenhouse gases than making it from corn.

"We will break the traditional ethanol system," said Quinn a California computer and computer games inventor, who has bankrolled the company with what he calls "millions, but not multimillion" of dollars.

He said despite the steep upfront costs, the machines will pay for themselves quickly. For a two-car family that drives about 34,500 miles a year, the MicroFueler will pay for itself in less than two years, assuming average gasoline prices of \$3.60 per gallon, the company said. The unit makes up to 35 gallons (132 liters) of 100 percent ethanol per week.

Others are not so sure that the MicroFueler is a good investment.

"I doubt it will work," said David Pimental, a professor at Cornell University who has studied the economics of ethanol for decades. He said the history of the fuel has been one of moving to greater and greater scales to increase the efficiencies of making the fuel.

E-Fuel says the machine is efficient in a way that big ethanol plants aren't because it removes water from the fuel with special fine filters that reduce the fuel costs of distilling the water out.

(Reporting by Timothy Gardner, editing by Marguerita Choy)