

GM bigwigs provide boost for **logen** ethanol process: Vice-chairman Bob Lutz's enthusiastic response could also help the ailing automaker's own PR needs, writes Robert Bostelaar.

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Bob Lutz didn't come bearing cash for **logen** Corp. yesterday -- but his presence alone could give the Ottawa ethanol producer a high-octane boost.

As vice-chairman of General Motors Corp. and one of the most prominent figures in the global auto industry, Mr. Lutz's tour of **logen**'s Hunt Club Road demonstration plant -- and the enthusiasm he voiced for its patented enzyme process -- add huge legitimacy to **logen**'s bid to become a full-scale producer of low-cost ethanol.

And the benefits should flow both ways. Establishing a new source of ethanol -- especially **logen**'s biomass-based fuel -- could help GM sell more vehicles and help it regain the lead in public opinion as the top producer of advanced technology.

"If our purpose really is to reduce dependence on foreign oil, reduce CO2 emissions and do so at the lowest cost to society, then unquestionably, E85 (a mixture of 85-per-cent ethanol, 15-per-cent gasoline) is the way to go," Mr. Lutz said in an interview. "It's the intelligent solution."

General Motors is struggling to cut costs in the face of declining market share in North America, and both Mr. Lutz and Beth Lowery, GM's vice-president, environment and energy, made it clear that the automaker isn't offering to pump money into privately held **logen**.

"They know our role is support and promotion," said Ms. Lowery.

logen officials weren't available for comment yesterday, but the company has said it's on track to open a commercial-scale plant, probably in Western Canada or the U.S., in 2007. Earlier this year, the U.S. investment bank Goldman Sachs & Co. paid \$30 million for a minority stake in **logen**.

It faces competition, however, from similar U.S. projects to convert the non-edible parts of plants into ethanol while bypassing the traditional distillation process some critics say consumes more energy than it yields.

General Motors and Ford Motor Co. are also working with established ethanol producers to improve distribution and increase the number of retail pumps. E85 has become more widely available in farm states but remains rare in other areas. Ottawa has just one private E85 station and a depot for federal government vehicles (10-per-cent ethanol blends are sold at several outlets).

The automakers are also pressing for government "policy incentives" to help foster ethanol production.



Bruno Schlumberger, The Ottawa Citizen
General Motors vice-chairman Bob Lutz with Beth Lowery, GM's vice-president, environment and energy policy, at **logen** Corp.'s demonstration plant on Hunt Club Road yesterday.

Ethanol has less energy than gasoline, but is seen as cleaner because the carbon released when it's burned was only recently captured by the plant source. Burning oil and other fossil fuels releases carbon that has been stored for millions of years. It's also cheap to convert cars to it, and relatively cheap to switch over pumps and set up distribution networks.

But for the 74-year-old Mr. Lutz, who is charge of product development for GM, another attraction is that it places ethanol-backers ahead of Japanese automakers, "who up to now have been pooh-poohing E85, probably because they didn't think of it -- sort of an embarrassment, really."

If that sounds harsh, it could be because GM is smarting over the emergence of Toyota as the perceived leader in alternate technologies. The GM vice-chairman calls Toyota's willingness to lose money on cars like the gas-electric hybrid Prius in exchange for publicity and goodwill "a lesson in business management."

Along with putting more E85-ready models on the road, GM is introducing its own hybrid cars and trucks -- it already sells hybrid buses -- and is working on hydrogen fuel-cell vehicles it says could be available in "significant numbers" before 2020. It's also working to gain public attention for its advanced technology, with major announcements expected at auto shows in coming months.

"Through the E85 ethanol we've learned that you have to have the promotional, the marketing, the leadership pieces along with the product," said Ms. Lowery.