



September 18, 2007

Ms. Tess Butler  
Grain Inspection, Packers and Stockyards Administration  
U.S. Department of Agriculture  
Room 1647-South  
1400 Independence Ave., S.W.  
Washington, DC 20250-3604

RE: The Role of USDA in Differentiating Grain Inputs for Ethanol Production and Standardizing Testing of the Co-Products of Ethanol Production

Dear Ms. Butler:

The American Association of Grain Inspection and Weighing Agencies<sup>1</sup> (AAGIWA) submits these comments in response to the advance notice of proposed rulemaking on the above captioned subject published in the *Federal Register* of July 20, 2007.

GIPSA is asking whether there is a role for the agency with regard to two basic issues:

1. measuring the quality attributes of grain that are of particular significance in ethanol production; and
2. standardizing the testing procedures used for distillers dried grain (DDG)<sup>2</sup> and establishing appropriate reference methods.

AAGIWA will limit its comments to fairly general observations on the above topics and the overall context. We will leave it to others with more specific expertise to comment on the

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<sup>1</sup> AAGIWA is the national association representing official grain inspection and weighing agencies. These agencies provide official inspection and weighing services to measure the quality and quantity of grain being bought and sold in the United States.

<sup>2</sup> The production of ethanol results in the production of a variety of co-products, commonly referred to as distillers grains, that are used for animal feed. The dominant co-product is distillers dried grain (DDG) and the entire spectrum of distillers grains is often expressed in DDG equivalents.

detailed series of questions posed by GIPSA. We believe the questions posed by GIPSA are very timely, relevant and worthy of public discussion.

### **Expected Surge in DDG Production**

Many analysts believe the production of DDGs will increase significantly in the next several years. Steps that can enhance and facilitate the marketability of this important feedstock can benefit the national economy.

The production of DDGs is likely to increase dramatically over the next several years in direct proportion to the expansion of the U.S. ethanol industry. DDG production, which stood at 12.2 million metric tons (mmt) in 2006/07, may increase to 40.3 mmt in 2014/15 according to estimates by The ProExporter Network®. Thus, the supply of DDGs could increase by more than three-fold over this eight year period.

This sharp increase in DDG production is part of a much bigger picture where ethanol production will increase and may consume one-third of the U.S. corn crop by 2009/2010. Economic conditions will likely compel the livestock sector to substitute DDGs into animal feed rations to the greatest extent possible following prudent nutrition guidelines. These dramatic changes will likely unfold over the next several years.

### **Measuring the Quality Attributes of Ethanol Inputs**

Our impression is that most inbound corn at ethanol plants is examined either officially or unofficially consistent with the U.S. grain standards.

We believe the items of importance are typically moisture, damage/broken kernels, foreign material, test weight, mycotoxins, as well as the overall grade. There are of course existing procedures for determining these items and the question really becomes the significance processors attach to emerging traits, such as fermentable starch and the presence of GMOs and those opinions must come from ethanol processors.

As (if) these new factors gain in importance, AAGIWA members, like FGIS, would like to be poised to offer tests that would be of use to the industry. Typically, the developer of new varieties that possess unique characteristics will also develop a testing process (most likely a calibration for existing inspection equipment) for measuring this new characteristic and make this calibration available for general use.

In general, we are aware that corn with high levels of damage will result in decreased ethanol production. We believe most in the ethanol industry are aware of this and the decision on whether to use corn with high damage levels is an economic calculation.

## **Measuring the Quality Attributes of Ethanol Outputs**

With regard to outputs, it appears most industry participants are familiar and comfortable with the AOAC test methods and would prefer that these remain as “recommended,” rather than “required,” methods.

The production and use of DDGs has a fairly long history as an animal feed and over time the feed manufacturing industry has looked to AOAC test methods in measuring DDG attributes.

We have reviewed the recent collaborative report issued by the American Feed Industry Association (AFIA), Renewable Fuels Association (RFA), and National Corn Growers Association (NCGA) titled “Evaluation of Analytical methods of Analysis of Dried Distillers Grains with Solubles.” Based on that report, it appears the feed manufacturing industry has been pro-active in its collaborative work to develop recommendations for testing methods for DDGs and that the industry has a comfort level with this process.

In addition, a working group of the AFIA reviewed the AAFCO definition for DDGs and current AFIA guidelines. The group recommended against changes in the AAFCO definition, but did recommend updates to the AFIA guidelines.

## **Mycotoxin Testing**

We believe there is a broad consensus on the importance of mycotoxin testing in both corn and DDGs. There are a variety of rapid tests available for mycotoxins and, to the extent that the accuracy of these rapid tests can be improved, this would carry a broad benefit to all industry participants.

In conclusion, we believe the expected surge in DDG production in coming years will greatly magnify the need to facilitate the marketability of this important feedstock. We believe it is appropriate for GIPSA to take a forward looking stance in considering whether the agency can play a role in this process. As these changes develop, AAGIWA members wish to be poised to provide testing services of importance to the industry.

Respectfully,

A handwritten signature in cursive script that reads "Larry Kitchen".

Larry Kitchen  
President