



Iowa Renewable Fuels Association

# GREEN Team

## Grassroots REnewable Energy Network

Newsletter for renewable fuels advocates

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### IRFA Visits Capitol Hill to Discuss VEETC Plans



Left to right: Walt Wendland, Congressman Tom Latham, Steve Roe, Dave Nelson.

This past week, Iowa Renewable Fuels Association (IRFA) members **Dave Nelson (Global Ethanol)**, **Walt Wendland (Golden Grain Energy)** and **Steve Roe (Little Sioux Corn Processors)** along with **IRFA Executive Director Monte Shaw**,

and **IRFA Managing Director Lucy Norton**, made a trip out to Washington DC to urge action on the expiring ethanol tax credit. The group met with **Congressmen Leonard Boswell, Steve King and Tom Latham, Senator Charles Grassley**, and the staff of **Congressman Bruce Braley** to discuss the future of the renewable fuels industry.

The Iowa delegation was universal in their support for the renewable fuels industry and more specifically for the one-year extension of the **Volumetric Ethanol Excise Tax Credit (VEETC)** that will help support many ethanol jobs in Iowa and America.



Steve Roe and Congressman Steve King

VEETC is a 45-cent tax credit that goes to the fuel companies who blend ethanol with gasoline. Currently, it is set to expire December 31<sup>st</sup>, unless it is extended. Unfortunately, without the extension the ethanol industry will go through the same distress the biodiesel industry did when the Biodiesel Tax Credit was allowed to expire last year.

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### Zichal Addresses RFA's Annual Gathering Regarding Support for VEETC Extension

The extension of the **Volumetric Ethanol Excise Tax Credit (VEETC)** came up at the annual gathering of the **Renewable Fuels Association (RFA)**, held September 30th. Addressing the annual gathering of RFA members, **Deputy Assistant to the President for Energy and Climate Change Policy Heather Zichal** reiterated the commitment of the **Obama Administration** to the entire ethanol industry regardless of technology or feedstock. “As you know, we support the extension of the ethanol tax credit and recognize how important it is to the industry,” she said.

Zichal pointed out that the U.S. has a choice when it comes to energy policy—action or inaction. It’s a choice between the old ways or the new and between leading the global race, or falling behind other countries. Speaking in reference to the tax incentive for ethanol use, Zichal said:

“The message I want to bring to you today is that we want to and look forward to engaging with the industry and the Hill as we look at options for reform. We want to make sure that it’s guided by a recognition that the existing program does work – we’re certainly not looking to upend a program that works, as occasionally happens in Washington. We want to make sure that we are all on the same page as we move forward and have these discussions.”

The ethanol industry has been playing the waiting game in recent weeks, with very little news about VEETC. “We remain hopeful that an extension of VEETC will occur in the lame duck session of Congress in November,” said **Matt Hartwig, RFA Communications Director**. “We are also realistic that it’s an uphill battle.”

–See **Zichal Address**, Page 2–

“It is unfortunate that there was no progress on VEETC prior to the election recess, however, we will continue to fight to extend VEETC during the lame duck session of Congress in November,” said Shaw. “Renewable fuels are a large part of Iowa’s economy and support many good-paying jobs. Without the 45-cent tax credit, ethanol demand will drop – placing Iowa jobs and Iowa ethanol plants in jeopardy.”

Senator Tom Harkin and Congressman Dave Loebsack have also expressed their support for the one-year extension of the tax credit.

### Tractor Pulling Debuts Biodiesel Class

This summer the **National Tractor Pullers Association (NTPA)** debuted the Light Pro Stock class, its newest competition division that showcases a group of modified tractors all running on a biodiesel blend.

Not only do the tractor pulls showcase biodiesel in high performance applications in the competition tractors, but there are tractors used to work the dirt tracks between each pass, and even the weighted sleds the tractors pull that use biodiesel.



The **United Soybean Board** has partnered with NTPA since 2007 to promote biodiesel and helped develop the biodiesel class. A large portion of tractor pull fans work in the agriculture and trucking industries so biodiesel proves to be a natural fit with these audiences.

### 2011 Leadership Elected for RFA

The **Renewable Fuels Association (RFA)** recently announced their new leadership for 2011.

**Chuck Woodside, General Manager of farmer-owned KAAPA Ethanol in Minden, Nebraska,** was elected as the new **RFA Chairman**. Woodside is succeeding **Chris Standlee, Executive Vice President of Abengoa Bioenergy**.

**Neill McKinstry, Vice President and General Manager, Ethanol Division of The Andersons, Inc.,** was elected as **Vice Chairman**, taking the position left vacant by Woodside’s election.

**Walter Wendland, CEO of Golden Grain Energy in Mason City, Iowa and Vice President of Iowa Renewable Fuels Association** was elected as the **Secretary**.

“To be clear, this administration is working to provide continued support for first-generation corn ethanol, which we believe is a critically important renewable fuel source,” Zichal said. “At the same time, we’re also looking forward and are working to accelerate the creation and rapid deployment of advanced biofuels, which we think will ultimately become one of the nation’s most important industries in the years to come.”

### New Study Shows Biodiesel Safer for Workers than Diesel

A new report concludes that a B20 blend “dramatically reduces work area respirable particle and formaldehyde levels compared with petroleum diesel.” New Hampshire’s **Keene State College** conducted the study entitled, “Biodiesel versus Diesel: A Pilot Study Comparing Exhaust Exposures for Employees at a Rural Municipal Facility.”

The team of researchers used the same facility equipment and alternated between diesel fuel and a B20 blend, measuring the equipment cabin and the perimeter of the work area for benzene, 1, 3-butadiene and formaldehyde. The researchers noted that two areas of difficulty in the testing approach were “limited measurements of existing human exposure and difficulty developing techniques to identify a unique signature that distinguishes diesel exhaust from background air pollution.”

While the study states that diesel effects are still somewhat unknown, “Biodiesel may offer immediate, nationwide risk reduction opportunities, even as the debate regarding the level of health risk posed by diesel continues.”

To read the entire report click <http://www.environmental-expert.com/resultEachArticlePDF.aspx?cid=6477&codi=192169>

### IRFA Hosts Branstad Fundraiser

On September 27, members of the **Iowa Renewable Fuels Association (IRFA)** hosted a fundraiser for **former governor Terry Branstad** at the IRFA Office in support of his bid for a fifth term as Iowa Governor. The event was well attended by IRFA members from throughout the state.



Former governor Terry Branstad

## NIACC Students Convert Cars for Flex Fuel Compliance

At North Iowa Area Community College (NIACC) classroom students recently began preparing cars for the United States' future.

The students are learning how to put in a supplemental fuel injection system. The system adds fuel as needed so that cars can run smoothly on both gas and E-85. **Mitch Sremac**, the flex fuel inventor, started developing the system four years ago as a way of creating a more environmentally-friendly future.

Sremac said, "We are tired of paying people that don't like us overseas for their oil. So we want to try and keep the money here in the United States."

These students are the first class at NIACC to learn the conversion process. Sremac made sure when he invented the system to make it user friendly. "My goal was to make it easy enough to install by most technicians and be able to keep the car running and meet emission standards," he said.

However, only 10% of cars are originally manufactured to handle both gas and E-85, which means these students have a lot of converting to do.

To watch the video:

<http://www.kimt.com/content/localnews/story/Flex-Fuel-Cars/V4a3oREZDUmEjjWuXNC1wQ.csp>

## Record High Soybean Crop Yields Forecasted

According to the **USDA**, while corn production is forecasted to be down from the September forecast, soybean production is quickly reaching a record high.

Corn production is forecast at 12.7 billion bushels, down 4% from the September forecast and down 3% from last year's record production of 13.1 billion bushels. Based on conditions as of October 1, yields are expected to average 155.8 bushels per acre, down 6.7 bushels from the previous month and 8.9 bushels below last year's record of 164.7 bushels.

Soybean production is forecast at a record high 3.41 billion bushels, down 2% from September but 1% above last year. Based on September 1 conditions, yields are expected to average a record high 44.4 bushels per acre, down 0.3 bushel from last month but up 0.4 bushel from last year.

If realized, the forecasted yields in Illinois, Louisiana, Nebraska, New York, North Dakota, and Wisconsin will be record highs and the forecasted yield in Minnesota will tie the previous record high. Area for harvest in the United States is forecast at 76.8 million acres, down 1% from the previous estimate but up 1% from 2009.

## GPRE Acquires Global Ethanol, LLC

**Green Plains Renewable Energy, Inc.** announced that it has entered into an agreement to acquire **Global Ethanol, LLC**. Global owns two operating ethanol plants that have a combined annual production capacity of approximately 157 million gallons.

The proposed acquisition will be accomplished through a merger of a newly formed wholly-owned subsidiary of Green Plains with Global. The outstanding units of Global will be exchanged for 4,386,027 shares of restricted common stock of Green Plains. The total value of the transaction includes the assumption of approximately \$98.7 million of outstanding debt. The closing of the transaction is expected to occur during the fourth quarter of 2010.

"This transaction demonstrates our ability to make acquisitions at attractive valuations utilizing a combination of our strong balance sheet and our stock, allowing us to meet the differing objectives of ethanol plant owners," stated **Todd Becker, President and CEO of Green Plains Renewable Energy**. "Consistent with our strategy to expand our operations throughout the ethanol value chain, we continue to seek out consolidation opportunities within each of our business segments," Becker concluded.

## Ethanol Production/Demand for July 2010

	Million Gallons	Barrels per Day
Production	111.6 mg	857,452 b/d
Use	111.7 mg	858,000 b/d
Stocks	781.2 mg	21.7 days of reserve
Exports	25.2 mg	n/a
Imports	0.756 mg	n/a

\*Source: EIA/RFA

## DDGS Approaching "Feed Wall"

According to the industry leaders speaking at the **2010 Export Exchange** in Chicago, Illinois, just as the fuel side approaches the maximum amount of blending, the use of distillers grains has a maximum use amount domestically.

The blend wall creates the need to move from 10% ethanol blends to higher inclusion levels such as 12 or 15%. Ethanol usage could reach 13.5 billion gallons at 10%. By the end of the year it is expected that domestic ethanol production will reach close to 13 billion gallons, bringing it very close to the 10% cap.

Currently the **Environmental Protection Agency (EPA)** is considering a waiver request to allow for E15. If all vehicles are allowed to use E15, distillers grains production would grow to more than 55 mmt.

## Scholarship Opportunity for Students to Attend National Ethanol Conference

The **Renewable Fuels Foundation (RFF)** and the **Renewable Fuels Association (RFA)** are offering scholarships to six students in higher education to attend the **2011 National Ethanol Conference: *Building Bridges to a More Sustainable Future***, to be held in Phoenix, Arizona February 20 – 22.

The National Ethanol Conference (NEC) is the premiere gathering arena for delivering accurate, timely information on marketing, legislative and regulatory issues facing the ethanol industry. The NEC is a perfect opportunity for students interested in the world of renewable fuels to meet and connect with ethanol industry leaders, top policymakers and preeminent renewable fuels experts.

“America’s energy security will one day rest in the hands of our country’s youth,” said **Mike Jerke, RFF Chairman and General Manager of Chippewa Valley Ethanol Company**. “We encourage students to attend the National Ethanol Conference to network with industry leaders and learn how important alternative fuels like ethanol are to our independence on foreign oil and our economy.”

All applications must be submitted by November 30, 2010. To download an application, please click <http://nationalethanolconference.com/pages/scholarships>

### Register for the 2011 National Ethanol Conference

Registration is open for the **National Ethanol Conference: *Building Bridges to a More Sustainable Future***, to be held Feb. 20-22 at the JW Marriot Desert Ridge in Phoenix. The conference is recognized as the premier education and networking opportunity for the ethanol industry focused on vital marketing and public policy issues. To register: <http://nationalethanolconference.com/pages/registration>

### U.S. Military Eager to Implement Renewable Fuels

According to the *New York Times*, U.S. military is advocating the development and adoption of renewable-energy technologies to reduce its dependence on fossil fuels. “There are a lot of profound reasons for doing this, but for us, at the core, it’s practical,” said **Secretary of the Navy Ray Mabus**. “Fossil fuel is the number one thing we import from Afghanistan, and guarding that fuel is keeping the troops from doing what they were sent there to do, to fight or engage local people.”

## Letter to President Obama Regarding E15

This week, the **Iowa Corn Growers Association**, the **Iowa Farm Bureau Federation**, and the **Iowa Renewable Fuels Association** sent a letter to **President Obama** asking for his Administration’s support of approving a waiver request for higher ethanol blends in gasoline of up to 15% (E15) for all conventional vehicles, instead of bifurcating the decision to allow only certain cars to use E15, and not others.

In the event that the decision on E15 is bifurcated, the letter urges the President to request the **U.S. Environmental Protection Agency (EPA)** to also grant immediate approval of an ethanol blend of 12% (E12) for all conventional automobiles.

### \$17 Million Retrofit of Newly Acquired Gevo Ethanol Plant



**Gevo**, an ethanol plant based in Englewood, Colorado

and a developer of biofuels technology, revealed that it expects to spend approximately \$17 million in capital costs to retrofit its recently acquired 22 MGPY ethanol production facility in Minnesota. The firm made a deal in August to buy the plant from **Agri-Energy** and says it expects to begin commercial production of isobutanol at the plant in the first half of 2012. Since the facility currently produces and sells ethanol Gevo said it expects the facility to continue to supply ethanol during its retrofit.

### Pepco Fleet Fueled by Biodiesel Blends

**Pepco Holdings, Inc. (PHI)**, one of the largest utility companies in the Mid-Atlantic region, uses a B10 biodiesel blend in more than 800 vehicles. PHI dispenses the fuel at all 13 of their fueling facilities, and used almost 1 million gallons of B10 in 2009.

PHI introduced the Blueprint for the Future



in February 2007 partially in order to curb greenhouse emissions by transforming the fleet to environmentally-friendly technologies such as hybrids, plug-ins, and alternative fuel vehicles.

“This initiative puts PHI in a leadership role to address two of the preeminent energy challenges that we face: the rising cost of energy and the impact of energy use on the environment,” said **Frank Cottone, Vehicle Resource Manager for Pepco**. “One of our fleet initiatives since 2007 was to use biodiesel in all of our company’s fuel facilities.”