



Iowa Renewable Fuels Association

GREEN Team

Grassroots Renewable Energy Network

Newsletter for renewable fuels advocates

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EPA Requires 800 Million Gallons of Biodiesel in the U.S. Domestic Market in 2011



Recently, the **Environmental Protection Agency (EPA)** announced it would require the domestic use of 800 million gallons of biodiesel in 2011. This is consistent with the renewable goals established in the **Energy Independence and**

Security Act of 2007 (EISA), which expanded the **Renewable Fuels Standard (RFS2)** and specifically requires a renewable component in U.S. diesel fuel.

Today, biodiesel is the only widely accepted, commercial scale Advanced Biofuel produced in the U.S. that meets the definition of Biomass-based Diesel under the RFS2 program. According to the EPA, biodiesel produced from waste greases, animal fats and agricultural oils reduces greenhouse gas emissions (GHG) by as much as 86 percent compared to petroleum diesel.

“We applaud EPA for this announcement and for reaffirming the common-sense notion that we should displace petroleum diesel fuel with Advanced Biofuels like biodiesel. This notice demonstrates to all actors in

the fuels marketplace that the volume goals for Biomass-based Diesel provided for by law in the RFS2 program will be met and that 800 million gallons of biodiesel must be used in 2011,” said **Manning Feraci, Vice President of Federal Affairs for the National Biodiesel Board.**



Manning Feraci, VP of Federal Affairs for NBB

New Biodiesel Tank at BP Ottumwa Terminal Increases Access in Southeast Iowa

Iowa petroleum distributors can receive up to 20% off their B100 purchase on Tuesday, July 27, to help celebrate the Grand Opening of the biodiesel tank at the Ottumwa BP Terminal.

Diesel distributors who are new to biodiesel at the Ottumwa terminal and who purchase and splash blend at least 300 gallons of B100/B99 from the terminal that day will receive a \$150 rebate. The event is sponsored by the **Iowa Clean Cities Coalition** and the **Iowa Renewable Fuels Association** in conjunction with **BP, C.W. Terminal Biofuels Inc.,** and **Renewable Energy Group.**

Customers have the option to pick up biodiesel for further blending at the 24/7 loading rack at the BP fuel terminal located at 16848 87th St. in Ottumwa, Iowa. This is the first of BP’s six statewide terminals to offer biodiesel blending.

“Biodiesel seems to be the best kept secret in Iowa,” said **Grant Menke, IRFA biofuels manager.** “We hope this promotion will catch jobbers’ and retailers’ attention. Biodiesel is a low-cost, high-performance option when you factor in that retailers are eligible for the \$0.03/gallon Iowa income tax credit on B2 or higher blends. And blends up to B5 meet the ASTM specification for diesel fuel while providing superior engine lubricity and a homegrown option.”

The 30,000 gallon heated tank at the BP site offers B100 bottom-loading capability for splash blending with diesel fuel. Menke added: “This terminal makes offering biodiesel blends very convenient. BP’s facility set-up makes it very easy for petroleum distributors to offer B5 and higher blends.”

Vilsack Urges Swift EPA Approval of E15 Blend

Recently, **Agriculture Secretary Tom Vilsack** talked to a Senate panel about the benefits of E15. “The **Obama Administration** should approve higher blends of ethanol in gasoline as quickly and broadly as possible,” he urged. He explained that, “Raising the amount of ethanol blended in gasoline to 15 percent from 10 percent would support the industry, meet the U.S. biofuels mandate and revitalize rural economies.”

“We are very, very close to hitting the E10 wall, which is why this is important,” Vilsack told the **Senate Agriculture Committee**. “The sooner it is made, the better, the more expansive it is made, the better.”



Agriculture Secretary
Tom Vilsack

Vilsack indicated that all signs point to **EPA** approving the higher blends, although it may exclude older cars or certain types of automobiles and without higher ethanol blends, the United States will struggle to meet mandates for renewable fuels.

EPA officials had said they would have a decision this summer, after the **Energy Department** completes more tests on vehicle safety. However agency officials provoked the ire of biofuels advocates and lawmakers from Midwestern states when they said this month that the decision would not come until fall.

New Bill Offers Blender Pump Incentives

In a bid to expand the market for ethanol-rich fuels, two Midwestern lawmakers introduced the Consumer Fuels Choice Act, legislation that would offer incentives to help increase the number of pumps that offer higher blends of ethanol. The bill from **Democratic South Dakota Representative Stephanie Herseth Sandlin** and **Republican Nebraska Representative Adrian Smith** would offset half the cost of installing blender pumps and storage tanks.

The **American Coalition for Ethanol (ACE)** applauded the legislation, calling it “exactly the right formula” for greater energy independence.

“Blender pumps are a key asset in the fight for a clean energy future,” said **Brian Jennings, Executive Vice President of ACE**. “The smartest action we can take to move toward energy independence is to introduce flexibility into the fuel system, and this can be done best through a combination of blender pumps and flexible fuel vehicles. Consumers deserve the right to choose their own fuel instead of living under a decades-old requirement for 90% petroleum in every gallon.”

ISU Professor Invents a Green Process for Fuel Additive

Thomas Bobik, a **biochemistry professor at ISU**, invented a process for manufacturing the much-used fuel additive and industrial chemical that is currently made from petroleum by identifying a new, natural enzyme that produces the fuel organically. Isobutene is a gas that can be chemically converted to iso-octane, a fuel that could be used to replace the environmentally harmful gasoline additive, methyl tert-butyl ether (MTBE).

Once more research is completed, Bobik, along with doctoral student **David Gogerty**, believe that there could be huge benefits to the biofuels industry because one of the biggest expenses in producing ethanol is the cost of separating the ethanol from the water where it’s made. “Isobutene is a gas, so we can imagine that it will be easy to remove the isobutene from the vessel in which it was made, and that should be a very cheap and efficient way to purify the biofuel,” said Bobik.

One of the drawbacks, Bobik warns, is the process currently takes too long because the activity of the enzyme is low. “It’s too low for commercial application. So we’re trying to use directed enzyme evolution to improve the activity of the enzyme so it can become commercially viable,” Bobik said.

Bobik says progress is being made rapidly and perhaps, within 10 years, motorists may be using a bio-based, environmentally friendly ingredient in their gas tanks every time they fill up.



Reinstate Federal Biodiesel Tax Incentive

An Op-Ed, written by Monte Shaw, Executive Director of IRFA, on the critical need to reinstate the biodiesel tax incentive appeared in the July 3rd Edition of Iowa Farmer Today.

To read the article click on the following link:

http://www.iowafarmertoday.com/articles/2010/06/30/letters_-_commentary/biodiesel_op.txt

Japan Experiments with DDGS as a Feed Ingredient for Rainbow Trout

At a commercial aquaculture farm in the **Aichi Prefecture** since April of this year, **Japan** has been experimenting with U.S. distiller's dried grains (DDGS) with solubles as a feed ingredient for rainbow trout.

According to **Hiroko Sakashita, Associate Director of the US Grains Council in Tokyo**, preliminary results suggest no positive or negative influence when compared to rations using fish meal and soybean meal minus DDGS. The trials are using high-protein DDGS with about 20% of the total feed partially replacing fish meal and soybean meal.

Mr. Akihiko Kobori, Chairman of Japan Trout Farmers Association, told a visiting Council delegation, "A decade ago we succeeded in reducing fish meal by 10% of the total feed by replacing it with corn gluten meal and soybean meal. Five years ago, we heard about DDGS as a new high-protein feed ingredient and researched how to use it in aquaculture through the Council's help."

Sakashita also noted that while the DDGS market for rainbow trout will not be as large of a market as other animals, the findings of this trial will have a large impact on the world seafood market.

Unprecedented Action by EPA on Renewable Fuel Usage

For the first time ever, the U.S. Environmental Protection Agency (EPA) released its renewable fuels usage estimates for review. According to **Matt Hartwig, Communications Director at the Renewable Fuels Association**, this is an unprecedented move plus federal law does not require these numbers to be reported until November. EPA's estimates under the Renewable Fuels Standard (RFS) for 2011 are:

- Biomass-based diesel (0.80 billion gallons; 0.68%)
- Advanced biofuels (1.35 billion gallons; 0.77%)
- Cellulosic biofuels (5 - 17.1 million gallons; 0.004 - 0.015%)
- Total renewable fuels (13.95 billion gallons; 7.95%)

EPA has revised down cellulosic ethanol use from original RFS targets for the second year in a row. Their estimates underscore the need for the **Dept. of Energy** and **USDA** to construct loan guarantee programs that work for cellulosic ethanol companies. Additionally, as volumes increase, EPA must move to increase the amount of ethanol the nation is permitted to use.

The full article can be read at:

<http://www.ethanolrfa.org/exchange/entry/renewable-fuels-standard-rfs-in-2011/>

USDA Promotes Importance of Ethanol with Newly Released Video



USDA recently released a short video, advertizing the importance of ethanol and other biofuels in reducing U.S. dependence on fossil fuels.

A variety of feedstocks will need to be used, depending on the strengths of a particular region, in order to build the 527 biorefineries the USDA estimates will be needed to meet the goal of 36 billion gallons of renewable fuel by 2022. "It's an opportunity for us to make sure that ... ethanol is more readily available to folks in all parts of the country and all four corners of the country," said **Secretary of Agriculture Tom Vilsack** in the video.

USDA also indicated that infrastructure is an important part of the success of biofuels. "There are a number of potential barriers and bottlenecks in the current ethanol use supply chain," Vilsack said. "While we expect the market to respond to the infrastructure needs of a growing industry, we recognize that the path from production to actual consumption presents challenges that will need to be anticipated and addressed."

The USDA video can be found on YouTube at:

<http://www.youtube.com/watch?v=rVs14lh1VhM>

Researching Ways to Make the Races Go Green

At the **Argonne National Laboratory**, **Forrest Jehlik** is researching ways to get America off its petroleum addiction. Jehlik sees a day when the government mandates that racing go green and leave less of a carbon footprint.

"The United States imports 70% of its oil," Jehlik said. "We use one quarter of the world's oil. The numbers are staggering. The USA uses 20 billion barrels of oil each day."



A fraction of that oil is consumed by the racing community, but on a high-profile stage, which makes the sport an easy target for regulation. The goal is to show racing competitors and organizations they can use modern technology and renewable fuels, dramatically reduce emissions, cut costs and still remain quite racy.

Jehlik and his team have a simple solution. Replace the gas with E-85 and introduce an efficient, electronic fuel-injection system.

Chinese Group Using DDGS at Near-Maximum Levels

Two years after first purchasing U.S. distiller's dried grains (DDGS), the **Shandong** province feed company now uses near-maximum levels of the ethanol co-product in its poultry and swine feed rations and plans to increase their current levels.

“Shandong Zhonghui Group has adopted DDGS in their rations as fast as any feed mill we have seen worldwide, pushing the limits in their diets with reasonable regard for feed quality and safety,” said **Dan Keefe, U.S. Grains Council manager of international operations**. “This is an ideal case of market development work. This company attended USGC seminars, experimented with the feed, visited the United States to tour the plant and began buying DDGS in 2008 only to have fully adopted it to near-maximum levels in their rations within two years.”

Shandong Zhonghui Group is one of the largest, single U.S. DDGS importers in **China**, purchasing 200,000 tons per year with plans to import at least 240,000 tons in the 2010 fiscal year. Keefe said the company has a long-term goal of producing 3 million tons of feed on a yearly basis.

“Within their poultry operations, they are currently feeding DDGS at 6-8% inclusion rates and 10-15% in their swine feed rations, depending on growth stages,” Keefe said. “They would like to increase those rates for poultry use and save money on feed, but are limited by problems related to their use of a domestically constructed pelleting machine.”

USDA and Navy Form a Partnership Regarding Renewable Energy Solutions

The **U.S. Department of Agriculture (USDA)** recently formed a partnership with the **Department of the Navy** to invest in research and development of renewable energy solutions—especially advanced biofuels—that meet the Navy's needs.

Secretary of the Navy Ray Mabus has set ambitious energy goals for his department, mandating that by 2020, the Navy and Marine Corps meet 50% of all their energy needs using alternative fuels, including biofuels. By working together to apply USDA's technical and research capacity to the regular energy demands of the Navy, they are creating demand and infrastructure for a sustainable renewable energy market.

If efforts are successful, the Navy will be less dependent on foreign supplies of fossil fuel and American agricultural producers will see an increase in demand for their products. The Navy will have the satisfaction of knowing that they are helping the nation while improving their bottom lines.

Achieving National Energy Security

The **Securing America's Future with Energy and Sustainable Technologies Act (SAFEST)**, introduced by **Senators Amy Klobuchar** and **Tim Johnson**, includes



Senator Amy Klobuchar

provisions to promote the production and use of renewable fuels like ethanol through an investment in ethanol infrastructure and flex fuel vehicles.

“In these tough economic times, we need a national energy policy that creates jobs in the United States, improves our environment and strengthens our national security by reducing our reliance on foreign oil,” said **Tom Buis, CEO of Growth Energy**.



Senator Tim Johnson

The legislation also addresses the controversial concept of Indirect Land Use Change and provides equity by allowing all feedstocks that meet the 50% green house gas reduction requirements to qualify as an advanced

biofuel. Buis noted that grain ethanol is 59% cleaner than gasoline refined from oil and can play a significant role in cleaning our air.

21st Century Coop E85 Grand Opening

July 30th 11:00AM-1:00PM

Highway 92

Massena, IA 50853

Ethanol Exports are Down 58% in May

The Renewable Fuels Association recently reported that total ethanol exports fell 58% from April's totals. U.S. producers exported 17.1 million gallons in May, compared to 40.8 million gallons in April and 48.3 million in March. However, May exports were well above the five-year monthly average. Further, through the first five months of 2010, the U.S. has exported 25% more product than in the entire 2009 calendar year.



Additionally, at 141.4 million gallons, 2010 U.S. exports are still on track for a record year. Exports totaled 157.8 million gallons in 2008 and 150.2 million gallons in 2007.

Denatured ethanol exports totaled 11.2 million gallons in May, down from 24.9 million gallons in April. Undenatured, non-beverage ethanol exports totaled just 5.9 million gallons in May.