



Iowa Renewable Fuels Association

# GREEN Team

Grassroots RENEWABLE Energy Network

Newsletter for renewable fuels advocates

5505 NW 88th Street #100 • Johnston, IA USA 50131-2948 • 515-252-6249 • FAX 515-225-0781

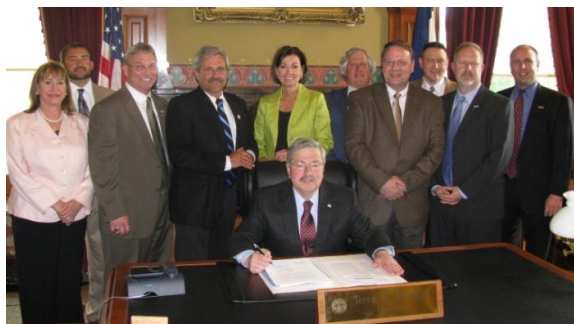
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## Branstad Signs Bill to Boost E15 Sales and Biodiesel Production

In a recent signing ceremony at the State Capitol, **Governor Terry Branstad** formally signed **Senate File 531** into law. The comprehensive renewable fuels legislation establishes the nation's first specific E15 incentive for local retailers to offer the mid-level blend to motorists. In addition the bill creates a new incentive program for Iowa biodiesel producers

“Governor Branstad’s signature completes the long process of putting Iowa in the forefront of renewable fuels policy, not just production,” stated **IRFA Executive Director Monte Shaw**. “Iowans appreciate the Governor’s strong support of ethanol and biodiesel. And this bill would not have landed on the Governor’s desk without many strong renewable fuels supporters in the Iowa Legislature. The job now turns to educating retailers and consumers on how this new bill will help promote more fueling freedom at the pump.”



Governor Branstad, seated, with IRFA members

Included in the bill was a new 3 cent per gallon retailer tax credit for E15 sales. While currently available to owners of flexible fuel vehicles, the EPA is expected to give final approval for E15 later this summer for use in all 2001 and newer cars and light trucks. Fuel sold to those vehicles accounts for 74% of all gasoline sales according to the U.S. EPA.

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## Obama Wants Federal Fleet to use Alternative Fuels

**President Obama** wants the federal fleet of more than 600,000 vehicles to use alternative fuels by 2015. The goal of the recent **Presidential Memorandum** is “to cut oil imports by one-third by 2025 and to put one million advanced vehicles on the road by 2015.”



*The memo stated: by December 31, 2015, all new light duty vehicles leased or purchased by agencies must be alternative fueled vehicles, such as hybrid or electric, compressed natural gas, or biofuel. Moreover, agency alternative fueled vehicles must, as soon as practicable, be located in proximity to fueling stations with available alternative fuels, and be operated on the alternative fuel for which the vehicle is designed. Where practicable, agencies should encourage development of commercial infrastructure for alternative fuel or provide flex fuel and alternative fuel pumps and charging stations at Federal fueling sites.*

**National Biodiesel Board (NBB) chairman Gary Haer, Vice President of Renewable Energy Group (REG)**, said the White House directive provides more opportunities for biodiesel growth in the federal fleet which uses more than 66 million gallons of diesel fuel and 6.5 million gallons of biodiesel each year. “Dozens of local governments, universities and other institutions already are using biodiesel to help green their fleets,” said Haer. “It’s something the federal government could do immediately, without leaving the taxpayer a big bill for new equipment.” For the complete story, [click here](#).

The bill also created a short-term production incentive for Iowa biodiesel producers. This new production incentive will help Iowa biodiesel producers compete with neighboring states, which have taken aggressive steps to protect their biodiesel producers. Jumpstarting biodiesel production in Iowa will create thousands of direct and indirect jobs.

The bill contained a number of other provisions, including:

- Misfueling liability protection for retailers.
- An enhanced E85 retailer tax credit.
- An extension of the biodiesel retailer tax credit for blends of B5 and higher.
- \$3 million in annual funding for Iowa's Renewable Fuels Infrastructure Program (which provides grants for installation of blender, E85 and biodiesel dispensers as well as biodiesel terminal infrastructure).
- Modifications to Iowa's 25% Iowa renewable fuels standard and ethanol tax credit.
- Codifying the ASTM fuel specification for biodiesel blends between 6 and 20 percent.

Governor Branstad stated that he believes this bill renews Iowa's leadership position in ethanol for the future and modernizes what we have been doing and the position we hold for the future. He continued by stating, "Our country still is way too dependent on foreign oil, we need to make some significant improvements and changes and certainly states can play a leadership role."

### **U.S. Consumers Consider Ethanol a 'Green Product'**

In a recent study released by **Genencor** during the **BIO World Congress** in Toronto, Canada, when U.S. consumers were asked to name a product they considered green, 39 percent of them named ethanol first. In addition, the study found that four in ten American consumers have already heard the term "biobased" to describe various products including fuels such as ethanol and biodiesel.

"It was very interesting to see that ethanol was at the top of the list. Now of course we were very pleased with that because ethanol is such an important product and such an important marketplace for us," said **Tjerk de Ruiter, CEO of Genencor**. "But it also shows that the consumer really starts to buy in to the concept of the importance of home produced fuels and the contribution that ethanol is delivering to the economy."

## **Oil Does Get Special Tax Treatment**

The **Iowa Renewable Fuels Association (IRFA)** recently called upon the **Iowa Energy Forum** to correct inaccurate and misleading statements from its sponsor at a recent roundtable in Des Moines, IA. During the event, **American Petroleum Institute chief economist John Felmy** inaccurately stated that oil companies do not receive "special" subsidies, but rather "get tax treatment that is similar to every other industry."

"To claim that the oil industry receives no special subsidies, just standard business tax treatment, is simply ridiculous," stated **IRFA**

**Executive Director Monte Shaw**. "Mr. Felmy is the oil industry's chief economist, he knows better. For example, who but an oil company receives the marginal oil well subsidy or gets to expense intangible drilling costs? The oil industry hasn't minded getting singled out for special tax breaks since the inception of the Tax Code."



Just a partial list of the billions of dollars of subsidies unique to the oil industry includes:

- Percentage depletion allowance
- Marginal oil well incentives
- Enhanced oil recovery credits
- Intangible drilling costs expensing
- Deduction for tertiary injectants
- Exception from passive loss limitations for oil and gas
- Oil and gas excess percentage over cost depletion

Shaw continued: "For one hundred years the oil industry has used public policy to tilt the energy playing field in its favor and today is no different. There are numerous oil specific federal tax provisions and many more that apply to oil companies. It is time for the oil industry to come clean and to stop trying to fool Iowans. Oil tax breaks must be evaluated as part of a comprehensive review of the U.S. energy policy." For more information and facts, please visit:

<http://iowarfa.org/pr060111.php>.

#### **FACT:**

Biodiesel is the most energy efficient alternative fuel produced today with an energy balance of 4.56 to 1.

## Tobacco Could be Used for Biofuels

**Tyton BioSciences**, is looking for a new outlet for tobacco. The company is currently developing genetically modified tobacco that will, "produce both ethanol and biodiesel at yields that far surpass the traditional crops of corn and soy," according to their website. The company has already successfully extracted sugars for ethanol and oil for biodiesel. The plants will also be easier to grow than those grown for smoking-grade tobacco.

**Founder and Managing Director, Peter Majeranowski**, said in a recent article in the *Richmond Times Dispatch* that farmers will be able to plant 80,000 to 100,000 plants per acre rather than the average 6,000 plants per acre of smoking-grade tobacco. This modified crop can also be mechanically harvested and will be more "green" because it doesn't need to be dried. He also believes that the fields can be planted and harvested two to three times per year.

"We can chop it close to the ground, and it grows back," Majeranowski said. "We don't have to worry about flavor, just how many green leaves and stems we can get per acre." The company will hear soon whether it will get a \$2.2 million grant from the **Tobacco Commission**. For the complete story, [click here](#).



## India Could Produce Ethanol, Replacing Gasoline Imports

India, the world's second fastest growing automobile market, could replace gasoline imports with ethanol by 2020 if policies and infrastructure are put in place to promote the green fuel, according to *Bloomberg News*.

India can potentially harvest enough bagasse, rice husk and sugar waste to produce as much as 50 billion liters (13 billion gallons) of ethanol without relying on food crops or disrupting agricultural land-use, according to a report today by **Renewable Energy Minister Farooq Abdullah**. That would be enough to replace 86 percent of gasoline demand and remove the need for imports.

If India doesn't find alternatives, it could spend about \$19.4 billion on gasoline imports by 2020. In contrast, the development of an ethanol industry could generate an estimated \$20 billion of yearly revenue plus \$1.6 billion in ethanol exports, according to the **Bloomberg Finance report**. For complete story, [click here](#).

## ICM Files for New Corn Oil Separation Patent

**ICM** has announced the company has filed for a non-provisional patent application with the **U.S. Patent and Trademark Office** and an international patent application under the **Patent Cooperation Treaty** with the U.S. as receiving office. The patent will cover ICM's newest development to its **Advanced Oil System**, a corn oil separation technology.

ICM says their Advanced Oil System solves some of the current yield issues with corn oil extraction



technologies due to emulsification, an industry wide challenge to achieving consistent high oil recovery rates. The company's improved technology delivers a much higher conversion rate than currently possible with first generation technologies. The Advanced Oil System consists of separate skid mounted units that can be installed at plants without oil extraction technology, or as an add-on to plants that already have invested in ICM's first generation corn oil extraction equipment. The system was commissioned in mid May and is currently in operation at an ICM designed ethanol plant.

**Chris Mitchell, Executive Vice-President of ICM** said, "We have focused our efforts on developing solutions that deliver quick payback and ongoing value-added co-product streams to the renewable energy industry. We believe our competitive advantage comes from providing our customers with a competitive advantage of their own; the highest-yielding and most reliable oil separation technology available."

## Heating Oil Must Contain Biodiesel in Vermont

Vermont recently passed a requirement for renewable, cleaner-burning biodiesel to be used in home heating oil throughout the state. **Governor Peter Shumlin** signed the **Vermont Energy Act of 2011**, which furthers the state's efforts to promote a green economy and energy independence. The broad-based energy legislation establishes low sulfur and biodiesel requirements for all heating oil sold in Vermont.

"This bill speaks to the North East region's continued commitment to using renewable, cleaner-burning fuels to heat their homes and businesses," said **Shelby Neal, State Governmental Affairs Director for the National Biodiesel Board**. "The Vermont policy builds on the strong partnership created between the home heating oil industry and the biodiesel industry to provide a more sustainable, cleaner energy solution through Bioheat." For the full story, [click here](#).

## Distillers Grains Could Be Used in the Production of Plastics

Distillers grains (DG) may soon be a component in plastics. It will start by building a manufacturing facility, **Laurel BioComposite LLC**, in Laurel, Nebraska. The facility construction has not broken ground yet, but it is anticipated that the first DG resin powder will be produced in 2012.

Laurel BioComposite won't create plastics, but rather process DGs with high pressure steam to create a plastic enhancer. "With certain set processing parameters, there's actually a molecular change that occurs to the material that creates characteristics of a polymer," said **Marge Lauer, Executive Director of Kearney Area Ag Producers Alliance**, a major investor in Laurel BioComposite.

Later on, the product will be shipped as pellets. In all, the plant will produce about 100 million pounds of plastic resin additive annually. This **LignoMAXX** product created at the Laurel BioComposite plant will be sold to buyers that will blend it with other resins and materials. The end product could include items such as shipping pallets, garden containers, agriculture containers, composite fencing and docking, or automotive parts. "We have had extensive trialing done by the two largest plastic manufacturers in the United States, with excellent results," Lauer said.

Laurel will only need about 40 million pounds of distillers grains annually and plans to use them from three plants that are within a 45 mile radius of Laurel. These three plants produce a combined total of 345 million pounds of DGs per year. The process may also be modified so that the plant can use corn stover, wheat straw, lawn clippings and other biomass to produce the resin powder. If you would like to read the full story, please [click here](#).

## Iowa Blender Pump/E15 Webinar

Brought to you by the Renewable Fuels Association and the American Coalition for Ethanol. In Cooperation with Iowa Renewable Fuels Association and Iowa Corn Growers Association

**WHEN:** June 9, 2011

**TIME:** 1 p.m. CST

**WHO:** Petroleum Marketers & Station Owners

For more information & to register visit: [www.BYOethanol.com](http://www.BYOethanol.com)



## Iowa E85 Sales Up 27% in First Quarter

The **Iowa Renewable Fuels Association (IRFA)** recently announced that E85 sales in Iowa increased by 27 percent during the first quarter of 2011 compared to the fourth quarter of 2010. According to the **Iowa Department of Revenue**, sales of E85 by Iowa retailers reached 2,645,038 gallons during the first three months of this year. Compared to the first quarter of 2010, E85 sales were up 64 percent in 2011.

"Consumers have increasingly sought out E85 as an affordable, homegrown alternative with gasoline prices approaching \$4 per gallon," stated **IRFA Executive Director Monte Shaw**. "It was especially exciting to see E85 sales increase robustly even as the Iowa E85 retailer tax credit was cut by half on the first of January."

Since January 1, 2006, Iowa retailers have received a tax credit for each gallon of E85 sold. Under the 2006 law, the E85 tax credit was reduced from 20 cents per gallon to 10 cents per gallon on January 1, 2011. Iowa currently has 141 retail outlets offering E85. A list of all the E85 stations can be found at: [IRFA](#)

Iowa is the leader in renewable fuels production. Iowa has 41 ethanol refineries capable of producing nearly 3.7 billion gallons annually. In addition, Iowa has 11 biodiesel facilities with over 225 million gallons of capacity and 3 facilities under renovation that will add nearly 100 million gallons of additional production.

## UPS to Begin Using Biodiesel

**UPS** is now using biodiesel blends at its Louisville, Kentucky Worldport hub where the company recently installed a biodiesel fuel tank and fueling station. This will enable fuel operators to blend specific percentages of biodiesel starting from a B5 blend up to B20 blend. Biodiesel blends of up to B20 are approved for use in any diesel engine without any modifications.

The 30,000 gallon biodiesel tank and station at Worldport, fuels nearly 200 vehicles and diesel equipment, most of which help load packages on and off the planes. Worldport is the size of 80 football fields and each day loads 100 airplanes and processes 416,000 packages an hour.

"There is a finite amount of petroleum-based fuel available from our planet so it is important that UPS and other companies invest in ways to use alternative fuels and technologies, including biodiesel," said **Scott Wicker, UPS Chief Sustainability officer**. "This project helps us reduce our dependence on fossil fuels with the added benefit that it will also reduce air pollution and carbon emissions." For more, [click here](#).