



Iowa Renewable Fuels Association

GREEN Team

Grassroots RENEWABLE Energy Network

Newsletter for renewable fuels advocates

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Issue #80

U.S. Government Slow to Act on E15 While Brazil Barrels Toward E30

While United States motorists are still limited to blends of no more than 10 percent ethanol (E10) and the **Environmental Protection Agency (EPA)** slowly considers increasing the blend cap to E12 or E15, the ethanol industry in Brazil, represented by **Unica – the Sugarcane Industry Union**, is aggressively pushing their federal government to increase their E25 cap up to E30 according to the April 7th edition of *Biofuels Brazil*. This comes as Brazilian ethanol producers contend with low prices and surplus supply.

“Despite all of the rhetoric, the United States isn’t leading on biofuels issues,” said **Monte Shaw, Iowa Renewable Fuels Association (IRFA) Executive Director**. “As we tip-toe toward E15 and worry about the impact on weed-whackers, Brazil has moved quickly to put in place policies that have freed them from foreign oil. Maybe the very real price of foreign oil in terms of blood, treasure and environmental degradation should be taken at least as seriously as any hypothetical challenges higher blends pose for small, off-road engines.”

The foot dragging and arguments against approving E15 blends give many Iowans a sense of déjà vu. Thirty years ago when EPA approved 10 percent ethanol blends, Iowa helped pioneer their commercial introduction. Many of the same issues were raised then as today. Some claimed E10 wouldn’t work in lawn mowers, chain saws and other small engines. Others said it would hurt legacy vehicles and void warranties. More time for more testing was demanded.

“If the EPA had given in to the ‘chicken littles’ 30 years ago, we’d be more dependent on

–See **Brazil**, Page 2–

EPA’s Proposed RFS2 Rules a Mixed Bag for low Ethanol and Biodiesel Producers

The **U.S. Environmental Protection Agency (EPA)** has released its long-awaited proposed rule to revise the federal **Renewable Fuels Standard (RFS)** to conform to the **Energy Independence and Security Act of 2007**.

According to the 2007 law, all biofuels, including corn ethanol, are required to meet a 20% reduction in lifecycle green house gas (GHG) emissions, while biodiesel must meet a 50% reduction threshold and cellulosic ethanol must meet a 60% reduction threshold in order to qualify for the RFS program.



In conjunction, the heads of **USDA, DOE** and EPA also announced the creation of the **Biofuels Interagency Working Group** that will develop the nation's first comprehensive biofuels market development program, identify new policy options to improve the environmental sustainability of biofuels feedstock production, develop policies to increase flexible fuel vehicle production and assist in retail marketing efforts.

In response to the proposed rules, **Iowa Renewable Fuels Association (IRFA) Executive Director Monte Shaw** made the following statement: “This announcement was a mixed bag for ethanol and biodiesel producers. While not a surprise, EPA’s current methodology for calculating indirect land use change penalties for biofuels equates to carbon footprints that do not meet the 20% and 50% reduction thresholds for ethanol and biodiesel respectively. This same analysis is not done for the baseline petroleum fuels and that is wrong.”

–See **EPA**, Page 2–

foreign oil, smog and GHG emissions would be worse, and hundreds of thousands of green collar jobs wouldn't exist. As with any fuel, adoption and universal consumer acceptance takes time. Manufacturers and consumers worked through these issues and now E10 is a ubiquitous part of America's fuel supply," noted **IRFA's Managing Director Lucy Norton**.

Two decades ago Brazil's government required all gasoline stations to offer a base ethanol blend for all cars (usually between 20-25 percent ethanol) and a separate pump for vehicles capable of using E100. Given this universal supply network, today nearly every new car sold in Brazil is a flexible fuel vehicle (FFV) capable of using either fuel. FFVs and E25 for "regular" cars has allowed Brazil to become completely independent of foreign oil. Instead they export renewable fuels like ethanol and biodiesel throughout the world.

Take Action to Support E15

Your support is needed for the EPA to approve ethanol blends up to E15 for use with all vehicles. Moving to E15 will create more than 136,000 new green-collar jobs. Increasing blend levels from 10 to 15 percent will also generate \$24.4 billion for the U.S. economy and will displace seven billion gallons of imported gasoline each year.

To take action go to:
www.GoE15.com

February 2009 Ethanol Production/Demand

According to the **Energy Information Agency (EIA)**, American ethanol facilities produced 647,000 barrels per day (b/d) in February. That is an increase from 518,000 b/d in February 2008 as well as an increase of 17,000 b/d from January 2009.

Ethanol demand, as calculated by the **Renewable Fuels Association**, also saw a year over year increase. February demand was 595,000 b/d, an increase of 33,000 b/d from February 2008.

The RFA released the following February statistics:

	Million Gallons	Barrels per Day
Production	761.0 mg	647,000 b/d
Use	700.1 mg	595,000 b/d
Stocks	658.9 mg	26.4 days of reserve
Exports	0.0 mg	n/a
Imports	2.14 mg	

*Source: Energy Information Administration

Shaw continued, "However, EPA is going to consider improvements to their modeling which we believe should dramatically improve the GHG profile of domestically-produced renewable fuels. EPA has committed to having the final model peer reviewed by the scientific community, which we view as a major victory. Better science equates to a better result for biofuels.

"Finally, the new Biofuels Interagency Working Group headed by **USDA Secretary Vilsack** is a very positive development. The federal government needs to coordinate how the RFS requirement for increased renewable fuels translates into actual use by consumers.

"The current E10 cap, lack of E85 retail infrastructure and biodiesel blending infrastructure, and the lack of a significant commitment to flexible fuel vehicle (FFV) production poses a threat to RFS implementation unless addressed decisively in the near term."

Lung Associations Urge More Biodiesel Use to Improve Air Quality

In response to the **American Lung Association's 2009 State of the Air Report**, state and local lung association groups are recommending increased biodiesel use.

The American Lung Association in Minnesota described the State of the Air report as a "wake up" call to further embrace fuels like biodiesel, naming Fargo, North Dakota as the cleanest city in the nation, accrediting this feat to their extensive use of biodiesel.



Biodiesel is a cost-effect, more eco-friendly alternative to diesel fuel that reduces air toxins by 90 percent, particulate matter up to 40 percent and other regulated emissions, such as carbon monoxide and unburned hydrocarbons, substantially.

"With biodiesel, America can produce its own cleaner-burning diesel alternative that helps clean up the air with existing vehicles," said **Joe Jobe, National Biodiesel Board CEO**.

"Biodiesel is a natural solution to help achieve lung associations' goals to reduce air pollution and safeguard our health. We are grateful for their support and applaud their vision for a cleaner future."

Iowa Power Fund Grant to GPRE and BioProcessAlgae for Algae Pilot Project

Green Plains Renewable Energy, Inc (GRPE) and **BioProcessAlgae LLC** have executed a grant award agreement with the **Iowa Office of Energy Independence** for a \$2.1 million research and development grant from the **Iowa Power Fund** to build an algae pilot project at GPRE's ethanol plant in Shenandoah, IA.

“Algae has the potential to become an important carbon sequestration solution, biofuel feedstock and feed product,” said **Todd Becker, President and CEO of GPRE**. “If the pilot project, utilizing emerging technology, is successful, BioProcessAlgae will move to expand the photobioreactor system to full commercial scale.”

The Iowa Power Fund grant provides matching funds to install a series of photobioreactor units at GPRE's Shenandoah ethanol plant. Water, heat and carbon dioxide will be recycled from the ethanol manufacturing process to support continuous algae production.

“BioProcessAlgae and its technology partners have made significant progress in the engineering, design and development of photobioreactor systems for algae production,” said **Kevin Lynch, CEO of BioProcessAlgae**. “The project will give us the opportunity to test our systems on a larger scale. This is a very important step toward system commercialization of algae technology.”

“The Shenandoah algae project is an opportunity to help the environment, ethanol industry and Iowa economy,” Becker stated. “GPRE is committed to the advancement of next generation technologies and we appreciate the vision and assistance of **Iowa Governor Chet Culver** and the Iowa Office of Energy Independence in the development of this project.”

Green Plains Renewable Energy

May 19th, 11am-2pm
603 Railroad St
Superior, IA 51363

May 20th, 11am-2pm
1902 Okoboji Ave
Milford, IA 51351

May 21st, 11am-2pm
701 4th Ave W
Spencer, IA 51301

**GRAND
OPENINGS!**

**E85 &
Biodiesel!**



Galva Holstein Ag's Grand Opening a Success

Galva Holstein Ag formally opened the doors to their new **Renewable Energy Center**, located at 211 North Main Street in Holstein, Iowa, during their station grand opening on Tuesday, May 5th.

During this three hour event, 3,000 gallons of American made fuel was pumped, with over 350 local customers stopping in to enjoy the fuel specials, 30 cents off E85 or E30 and 10 cents off E10 or B5, along with a free lunch co-sponsored by **American National Bank** and the **Ida County Farm Bureau**.

“Galva Holstein Ag is a renewable energy leader for Northwest Iowa,” said **Lucy Norton, IRFA Managing Director**. “Through a commitment to biofuels promotion and consumer education, this small town business has built a loyal consumer following, driving sales that rival its big city competitors.”

This new retail station is proud to offer E85, E30, E10, unleaded gasoline as well as B2 and B5 blends of biodiesel to motorists 24 hours a day at their cardrol facility.

The Renewable Energy Center is one of the first stations to take advantage of the Renewable Fuels Promotional Assistance Program sponsored by the **Iowa Corn Promotion Board**, the **Iowa Renewable Fuels Association** and the **Iowa Soybean Association**.

Through the Renewable Fuels Promotional Assistance Program, Iowa Corn and IRFA will partner with retailers for grand openings for E85 and ethanol blender dispense and Iowa Soybean and IRFA will partner with retailers for grand openings for biodiesel dispensers.

To take advantage of this program, retailers are encouraged to contact Lucy Norton at 515-252-6249 or lnorton@IowaRFA.org at least 40 days before the planned grand opening to arrange promotional assistance



Delayne Johnston (General Manager of Galva Holstein Ag), **Lucy Norton** (Managing Director of IRFA) & **Gary Brosamle** (Energy Department Manager of Galva Holstein Ag)

Minnesota Moves to Five Percent Biodiesel

The state of Minnesota is moving forward, requiring that all diesel fuel sold be blended with 5 percent biodiesel. Being the first state to enact this requirement, Minnesota leads the way to decreasing our dependence on foreign oil, providing a cleaner environment for all and keeping much-needed jobs and business in the U.S.

Minnesota is already home to excellent fuel quality enforcement requirements, proven and tested under the state's B2 standard enacted in 2005.

Blends of up to 5 percent biodiesel (B5) are legally categorized as diesel fuel, eliminating any operational or potential warranty concerns. B5 also boasts premium performance characteristics and when properly handled, will perform just like diesel.

"Increasing biodiesel in our diesel fuel allows us to take advantage of a renewable fuel made in Minnesota, which in addition to being environmentally responsible also adds to our state's bottom line," said **Ed Hegland**, a Minnesota soybean farmer and **Chairman of the National Biodiesel Board**. "I'm proud to live in a state that is leading energy innovations and taking part in valuable solutions like biodiesel."

Two Plants Join the Iowa Biofuels Industry

The **Iowa Renewable Fuels Association (IRFA)** congratulates **Homeland Energy Solutions** and **Louis Dreyfus Commodities** for beginning production at their ethanol plants near New Hampton and Grand Junction, respectfully. Each plant will produce 100 million gallons of ethanol annually.

"Thanks to the fortitude of companies like Homeland Energy and Louis Dreyfus Commodities, Iowa's ethanol industry continues to move forward," said **IRFA Executive Director Monte Shaw**. "I can't predict the future, but there is a sense that a corner has been turned away from the difficult year of 2008. These new biorefineries create green collar jobs and provide an attractive market for local farmers. That is what the ethanol industry has been about since day one and that won't change."

Jay Nelson of Louis Dreyfus Commodities stated: "We appreciate all the support we have received from our state, county and local partners in Iowa. Local partnerships have always been of paramount importance to Louis Dreyfus over the course of our 150-plus year history. We look forward to being an active part of the community for many years to come."

Senator Nelson Introduces Broad-Based Energy Bill

On April 2nd, **Senator Ben Nelson (D-NE)** introduced a broad-based energy bill (S. 807), the **Sound Management of America's Resources and Technologies (SMART) for Energy Act of 2009**, that would build an Energy Superhighway for electricity transmission, promote further development of biofuels and provide for new domestic energy production, while laying the groundwork for action to address climate change.



Ben Nelson

The SMART bill will do many positive things for the biofuels industry including providing grants for research development and implementation for retrofitting of existing pipeline infrastructure to accommodate biofuels, as well as grants for comprehensive regional planning for biofuels production and infrastructure.

The bill will also amend the **Renewable Fuel Standard** established under **Energy Independence Security Act** to remove the reference to emissions from indirect land use changes and provide authorization for loan guarantees. In addition, the bill will also create a **Biofuels Revolving Loan Fund** for the construction of advanced biofuels facilities or to retrofit or convert existing biofuels facilities so that they can produce advanced biofuels.

FedEx Pushed for 30% Biofuels by 2030

FedEx has set a goal to replace 30 percent of the fuel used by their jets with second-generation biofuels by 2030 in an effort to extend their company's long-term strategy of becoming more environmentally conscious.

"We pledge our support for environmentally friendly alternative fuel projects, which should be stepped up by funds designated for fuel research in the current stimulus package," said **Fred Smith, FedEx CEO and Chairman**.

Congress' energy bill requires consumption of 36 billion gallons of biofuels by 2022 and Smith suggests that a portion of **President Obama's** \$787 billion economic stimulus plan should be used to fund the research, development and deployment of these biofuels.

This new initiative will also aid the company's goal set in 2005 of reducing their air fleet's carbon footprint 20 percent by 2020. Since setting this goal, FedEx has succeeded in reducing aircraft emissions by 3.7 percent.