



Iowa Renewable Fuels Association

# GREEN Team

Grassroots RENEWABLE Energy Network

Newsletter for renewable fuels advocates

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## RFS2 Rules Enable Renewable Fuels Market Expansion

*ILUC Still a Factor*

On February 3, the **U.S. Environmental Protection Agency (EPA)** publicly announced the final rule for implementation of the expanded **Renewable Fuels Standard (RFS2)**.

Among other provisions, the RFS will set mandatory blend levels for renewable fuels while implementing a framework for carbon emissions calculations that will be the basis for future carbon reductions from fuel.

“As structured, the RFS is a workable program that will achieve the stated policy goals of reduced oil dependence, economic opportunity and environmental stewardship,” said **Renewable Fuels Association**

**President Bob Dinneen.**



According to EPA’s modeling, corn-based ethanol achieves a 21% greenhouse gas (GHG) reduction compared to gasoline when controversial international indirect land use change (ILUC) is included. Without ILUC, corn-based ethanol achieves a 52% GHG reduction. Cellulosic ethanol achieves GHG reduction of 72-130% depending upon feedstock and conversion process. All GHG reductions for ethanol exceed those mandated by the RFS2.

“We’re pleased the EPA recognizes that corn ethanol provides a distinct advantage over conventional gasoline when it comes to greenhouse gas emissions,” said **National Corn Growers Association President Darrin Ihnen.** “This means that all corn ethanol including existing grandfathered capacity and new production will qualify to meet the conventional biofuels targets in the RFS.”

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## Culver Defends Renewable Fuels Infrastructure Grant Program

“One of the reasons I ran for governor was because I was frustrated about how slowly things were moving forward in terms of the infrastructure,” **Iowa Governor Chet Culver** said to the audience at the **4<sup>th</sup> Annual Renewable Fuels Summit.**

“And I was troubled, as I know this group was, about the fact that here we’re leading nation in biofuels production, but yet you can’t find a flex fuel pump. At that time, five years ago, it was hard to find one in the state.”



**Iowa Governor Chet Culver**

“So this fund, this renewable fuels infrastructure grant program, has allowed us in metro Des Moines, for example, to go from one to a dozen flex fuel pumps in the last 18 to 24 months or so. But we have a ways to go, which I think makes the case that we need to keep this investment moving forward. I also want to thank the retailers and those businesses across the state that have embraced this opportunity for our country and for our state.”

**Iowa Renewable Fuels Association President Bill Couser** also expressed his support for the grant program, “In 2006 the Iowa Legislature enacted a renewable fuel infrastructure grant program to help qualifying retailers put in biodiesel, E85 and blender pumps. Before the program, Iowa had less than 15 E85 pumps – today the number is 125 and growing. But even with that progress, today more than 70% of Iowa FFV owners do not have an E85 pump in their zip code. With about \$3.5 million remaining in the fund, some have suggested “scooping” the money to fund general expenditures in the state budget. IRFA believes this would be a short-sighted move that harms Iowa’s twin goals of economic development and energy independence.”

RFS2 opens the door for expanded biodiesel blending by requiring the use of 500 million gallons of biomass-based diesel in 2009, increasing gradually to 1 billion in 2012. From 2012 through 2022, a minimum of 1 billion gallons must be used domestically, and the EPA Administrator is given authority to increase the minimum volume requirement.



Biodiesel is the only fuel available in commercial quantities in the U.S. that meets the definition of biomass-based diesel, according to the **National Biodiesel Board (NBB)**. To qualify as a biomass-based diesel, the fuel must reduce GHG emissions by 50 percent compared to petroleum diesel. Biodiesel produced from domestic soybean oil is assumed to reduce GHG emissions by 57 percent compared to petroleum diesel fuel, and the EPA's uncertainty analysis recognizes that the GHG reduction could be as high as 85 percent. Thus, biodiesel produced from soybean oil will qualify for the biomass-based diesel program, and the rulemaking provides pathways for biodiesel produced from other vegetable oils to qualify for the program.

"The U.S. biodiesel industry is pleased that the EPA has issued the final RFS2 rule," said **Joe Jobe, Chief Executive Officer of the NBB**. "There are significant job creation, energy security and environmental benefits associated with expanded biodiesel use. Today's rulemaking, in particular implementation of the biomass-based diesel program, will allow America to reap these benefits."

U.S. renewable fuels businesses, while recognizing that the methodology employed in the final rule represents a significant improvement over the proposed rule, also noted significant flaws associated with EPA's initial international land use assumptions. While the EPA continues to rely on oft-challenged and unproven theories such as international indirect land use change, the U.S. renewable fuels industry will continue to be unfairly penalized.



**Growth Energy CEO Tom Buis** commended EPA Administrator **Lisa Jackson** for her conclusion in the RFS

that ethanol plays an important role in securing our nation's energy future and creating jobs. "I also want to commend **Agriculture Secretary Tom Vilsack** for his leadership in helping to write the newly-expanded rule. We have no greater opportunity to invigorate the economy of rural America than with renewable fuels like ethanol," Buis said.

## IRFA Receives OEI Grant for Community Outreach and Education Program

The **Iowa Renewable Fuels Association (IRFA)** has received a grant from the **Office of Energy Independence (OEI)** for its proposed Community Outreach and Education Program, a multi-faceted renewable fuels promotion campaign targeting retailers, schools and the general public.

The project consists of the following eight programs:

1. E85/blender/biodiesel pump promotions for retailers
2. Individual retailer training by IRFA marketing contractor on the benefits of E85/blender/biodiesel pumps
3. Biodiesel Backer Award Program for K-12 schools
4. Statewide high school P.R. (Promoting Renewables) Contest
5. Statewide high school Renewable Fuels Video Contest
6. Direct mailing to flex-fuel vehicles owners in Iowa about E85/blender pumps
7. Public service announcement promoting the benefits of using ethanol and biodiesel
8. Outreach effort to educate public following E15 waiver by EPA

Through this project, IRFA hopes to increase usage of renewable fuels in Iowa by educating retailers, schools and the general public on the benefits of using renewable fuels. Achieving this goal will lead to energy cost savings for consumers, reduced greenhouse gases, decreased reliance on foreign sources of energy, increased green collar jobs and rural economic development.

## November 2009 Ethanol Production/Demand

U.S. ethanol production reached an all time high in November 2009 at 761,000 barrels per day (b/d), according to data from the **U.S. Energy Information Administration (EIA)**. That is an increase of 93,000 b/d from November 2008.

Ethanol demand, as calculated by the **Renewable Fuels Association**, also reached an all time high at 781,000 b/d in November, up from 683,000 b/d a year ago. Ethanol demand is averaging 702,000 b/d through November.

EIA also reports fuel ethanol imports of 12 million gallons in September.

*The RFA released the following November statistics:*

	Million Gallons	Barrels per Day
Production	990.9 mg	761,000 b/d
Use	1,002.8 mg	781,000 b/d
	651.6 mg	19.9 days of reserve
Exports	0.0 mg	n/a
Imports	11.97 mg	

\*Source: EIA/RFA

## IRFA Members Raise over \$40,000 for Haiti Relief Fund

In efforts to raise money for the victims of Haiti, **Iowa Renewable Fuels Association (IRFA)** members raised over \$40,000. Checks went to the **American Red Cross Haiti Relief and Development Fund**.

**T Big River Resources** in West Burlington, IA, **Absolute Energy** in St. Ansgar, IA, and **Golden Grain Energy** in Mason City, IA, led the IRFA effort.

“Whether the need is here in Iowa or abroad, IRFA members have consistently stepped up to help out the victims of natural disasters. We thank our members for offering assistance to the Haitian people during their time of extreme need, and we are proud to be a part of the ag and renewable fuels industry that is feeding and fueling the world,” said **IRFA Biofuels Manager Grant Menke**.

## Exxon Biofuels Research Focuses on Algae

After years of pleas from shareholders to embrace low-carbon energy, **ExxonMobil**, the world’s largest publicly-traded oil company, and its partner, **Synthetic Genomics**, have recently began running their first experiments to develop biofuels from algae.

Algae-based biofuel was chosen

for the project on the basis of four main criteria—scalability, economics, technical feasibility and environmental footprint.

“Algae takes up land you would not use to grow crops on, and it does not require pure water,” said **Emil Jacobs, vice president of research and development for Exxon**. Initial experiments will take place at Synthetic Genomics’s labs in California, in a custom-built greenhouse, and at ExxonMobil research facilities in New Jersey and Virginia. Exxon and Synthetic Genomics are also evaluating potential sites for an intermediate-scale pilot plant that would need about 2 acres of land.

Looking to the future, Exxon’s partnership with Abu Dhabi National Oil Company may result in an opportunity for co-hosting an algae biofuels project; principal environmental requirements for algae growth are a warm, sunny location with minimal temperature fluctuation making the Arabian Gulf coast a prime location.

As Jacobs predicted, “If we are successful, in 8 years we will know whether we’re on the path to commercialization.”

## New Dispenser from Gilbarco Veeder-Root Provides Maximum Flexibility for Marketers

This coming March, **Gilbarco Veeder-Root** will unveil a multi-hose dispenser offering four fuel products from the same fueling position: Regular Unleaded, Premium Unleaded, Mid-level blend and E85. Each fueling product will have its own separate hose, allowing a maximum flexibility for the consumer or marketer.



“With the proposed federal mandates pushing the ethanol blend wall from E10 to a mid level amount of up to E15, fuel marketers will be faced with a decision,” said **Chad Johnson, product manager at Gilbarco Veeder-Root**. “Fuel marketers will need to continue to offer E10 and mid-level grades to satisfy both customer demand and regulatory mandates.”

Gilbarco offers a wide variety of dispensers with hydraulics fitted to handle the effects of higher ethanol blends. The company has had a blender dispenser on the market for over 3 years allowing fuel marketers the ability to offer standard fuel and higher ethanol blends from the same dispenser.

# ExxonMobil



## Growth Energy and IRFA Form Member Partnership

growth energy  
America's Ethanol Producers

Growth Energy and the Renewable Fuels

**Association (IRFA)** have committed to working collectively in advancing the renewable fuels business through a membership exchange.

“With the challenges and pending legislative policies that are crucial to the industry’s future, it’s more important than ever to forge partnerships with other organizations that share common goals,” said **Lucy Norton, IRFA Managing Director**

IRFA’s other partner organizations include **American Coalition for Ethanol, Iowa Corn Promotion Board, National Biodiesel Board and Renewable Fuels Association**.



Iowa Renewable Fuels Association

## **Biodiesel Stakeholders Urge Congress to Act Swiftly on Biodiesel Tax Incentive**

The **National Biodiesel Board (NBB)** recently forwarded a letter from 179 biodiesel companies and stakeholders to the leadership of the House and Senate as well as the Chairmen and Ranking Members of the tax writing committees regarding the biodiesel tax incentive that expired on December 31, 2009.

The one-dollar-per-gallon biodiesel tax incentive is structured in a manner that makes biodiesel price competitive with petroleum diesel fuel in the marketplace. Absent the tax incentive, biodiesel is more expensive than conventional diesel fuel.

The letter notes, among other things, “expiration of the tax incentive has essentially caused the production and use of biodiesel in the U.S. to cease and has placed the 23,000 jobs that are currently supported by the domestic biodiesel industry in immediate jeopardy. Companies have already started laying-off employees, and this situation is certain to worsen the longer the tax incentive is allowed to lapse.”

“The sentiment expressed in this letter accurately reflects the dire situation facing the U.S. biodiesel industry,” noted **Manning Feraci, NBB’s Vice President of Federal Affairs**. “As these letters indicate, it is imperative for Congress to act quickly and save these green jobs.”

“IRFA continues to work with Iowa’s Congressional Delegation to get an extension of the biodiesel tax incentive passed into law as soon as possible. Congress needs to make this extension a top priority, as it would be an immediate green jobs bill for Iowa and the nation,” said **IRFA Biofuels Manager Grant Menke**.

## **Culver Urges Support for Biodiesel Tax Credit Extension**

**Governor Chet Culver** sent a letter asking **Senators Max Baucus** of Montana and **Charles Grassley** of Iowa to support an extension of the biodiesel tax credit.

“At a time when unemployment rates are at record-high levels and every job counts, the Senate’s failure to take up the biodiesel tax credit is a setback in Iowa’s efforts to increase energy independence and production of alternative, renewable fuel sources,” said Governor Culver. “I have asked Senator Grassley and Senator Harkin, other members of the Senate, and the Administration to restore the biodiesel tax credit as soon as possible. And I will also propose that the tax credit be extended for several years. These one-year extensions are not the foundation this important industry needs to grow and flourish.”

## **Biodiesel Usage Improves Miners’ Working Conditions**

Mine companies **Rogers Group** and **Hutchinson Salt Co.** both have extensive testing that shows biodiesel cuts emissions in their mines but recently the **Mine Safety Health Administration (MSHA)** has added even more verification.

After testing multiple biodiesel blends, MSHA has published a 206-page report concluding that biodiesel reduces emissions, especially when combined with the use of after treatment devices on diesel engines.

“The result is a cleaner and healthier working environment for miners,” MSHA states. Hutchinson Salt was the first mine of any kind to use B99. Since 2003, the company has used between 17,000 and 30,000 gallons of B99 a year and have seen no reduction in performance.

Rogers Group has three years of cleaner air with B99 at below sea-level aggregate mines. The company uses B50 at another mine that has more natural air flow. Routine maintenance found their diesel equipment engines are much cleaner.

## **Poland Spring Bottling Recognized for Biodiesel Use**

Thanks to biodiesel, **Poland Spring Bottling** has been recognized by the **Environmental Defense Fund (EDF)** for its environmental efforts.



In an effort to reduce the company's carbon footprint, Poland Spring switched to a five percent (B5) biodiesel blend in its fleet in 2007. **Poland Spring Truck Fleet Manager Chris McKenna** estimates that since then, the company has reduced annual carbon emissions by 1.8 million pounds. That is the equivalent of taking approximately 193 cars off the road every year.

Using biodiesel blends has also improved fuel economy in Poland Spring's fleet of 36 tractor trailers and 75 tanker trucks. Biodiesel has been cheaper than its petroleum counterpart in Poland Spring's neighborhood and after two years of using biodiesel blends, the company has saved \$70,000 in fuel costs alone.

“The switch to biodiesel ended up being a win not just for the environment, but for our company's bottom line as well,” McKenna said. “Today, we're saving 5 to 12 cents per gallon and also significantly reducing our carbon emissions.”