

MICHIGAN BIOFUEL NEWS

Fall 2009

The Michigan Biofuel News updates commodity organizations, fuel suppliers, educators, producers, businesses, government agencies and individuals who are interested in expanding the production and use of biofuels in Michigan.

Clean Energy Coalition Awarded \$15 Million Grant

Clean Energy Coalition (CEC), an Ypsilanti-based nonprofit organization promoting clean energy technologies, was awarded a \$15 million grant from the U.S. Department of Energy for its Michigan Green Fleets project, which aims to expand the use of alternative fueled and advanced technology vehicles across Michigan.

The Michigan Green Fleets project will assist nine project partners in purchasing 271 alternative fuel vehicles, including hybrids and compressed natural gas (CNG) cars, trucks and buses, and install 19 alternative fueling stations in multiple sites across the state of Michigan. In total, more than 5 million gallons of fossil fuel and nearly 500 million pounds of vehicle emissions will be displaced and reduced over the project's four-year life cycle.

"We are thrilled to help our partners and our state in becoming leaders in the alternative energy economy of the future," says Sean Reed, Executive Director of CEC. "The DOE's assistance is vital in kick-starting this program. Going forward, we're confident the development of a visible Michigan Green Fleets project

will be a guiding light toward an ongoing economic transformation right here in Michigan."

The \$15 million grant is part of a U.S. DOE \$300 million Clean Cities program funding opportunity outlined in the Federal government's Recovery Act of 2009. According to Energy Secretary Steven Chu, "The Clean Cities program is helping give state and local governments the tools they need to build a greener transportation system that will create new jobs and help to put America on the path to a clean energy future." There are currently three areas of the state which have obtained Clean Cities designation by U.S. DOE: Clean Energy Coalition (Washtenaw County), Detroit Area Clean Cities Coalition and Greater Lansing Area Clean Cities Coalition.

This \$15 million award to CEC will be matched by an additional \$16 million in funds provided by project partners for a total \$31 million investment. These partners include: The State of Michigan Department of Energy, Labor and Economic Growth's Bureau of Energy Systems, Greater Area Lansing Clean Cities, Detroit Clean Cities, and West



Michigan Clean Cities. Participating project fleets include: Mass Transportation Authority, Interurban Transit DTE Energy, Forest Hills Public Schools, and the University of Michigan.

For more about the Michigan Green Fleets project, please contact Sean Reed at reed@cec-mi.org

Sources:
<http://cec-mi.org/Portals/0/CEC's%20Michigan%20Green%20Fleets%20Press%20Release.pdf>

http://ethanolproducer.com/article.jsp?article_id=5937

Blender Pumps

One of the questions ethanol producers are asking petroleum marketers and fuel retailers across the country is whether more choices (including alternative fuels) could be offered at the pump.

For years, the petroleum industry has successfully used blender pumps to combine regular unleaded gasoline with premium gasoline at a 50/50 ratio to create a mid-grade product without the need for a third storage tank. By blending denatured ethanol (or E85 – 85% ethanol, 15% gasoline) and regular unleaded, a

fuel retailer could then offer a range of blends such as: regular unleaded, E10 (10% ethanol, 90% gasoline) and E85 for flex-fuel vehicles (FFVs) designed to use this higher ethanol blend. This would give more choices to consumers. In addition, retailers would also be eligible for the blender tax credit otherwise known as the Volumetric Ethanol Excise Tax Credit. Blender pumps are already used at a number locations in the Midwest

Today's gas stations could potentially transition into the refueling stations of the

future, providing consumers more choices at the pump. Ethanol blender pumps are not only beginning that transition, but could also offer a way for retailers to capitalize on the growing demand and production of renewable alternatives to petroleum.

Sources:
http://www.afvi.org/newsletter_sept09.html#Blender

<http://www.ethanolrfa.org/>

Biodiesel Makes Gains with Large Energy Players

Large companies in traditional energy markets are showing signs of plans to further integrate biodiesel into the nation's fuel supply. Recently, Kinder Morgan announced it successfully shipped 15,000 barrels of B5 (5 percent biodiesel and 95 percent diesel) through its Plantation Pipeline. Moving biodiesel seamlessly into the existing transportation fuel network would improve its distribution and decrease distribution costs.

In the Spring, the fuel made its way from Collins, Mississippi; to Athens, Georgia and Roanoke, Virginia. As the fuel made its way through the pipeline, it passed quality tests and arrived on specification. Kinder Morgan reports new opportunities to also ship B5 to other markets along the lateral route including Chattanooga and Knoxville. For now, the biodiesel is being shipped in pipelines that carry only gasoline and diesel.

Meanwhile, ExxonMobil is also looking ahead to biodiesel specifications that the company will require for fuel to be shipped through its system. Earlier this year, the company finalized details outlining its expectations.

"ExxonMobil recently notified the biodiesel industry that it will begin

accepting biodiesel shipments via its supply and distribution system," said Kevin M. Allexon, ExxonMobil spokesman. "Suppliers' product will need to meet a stringent set of specifications that will ensure product stability during distribution and storage, as well as to provide consistent performance across a range of ambient temperatures and other conditions that consumers typically encounter when using the product."



Biodiesel transport through pipelines has the potential to open new and growing markets for biodiesel and is a step forward in efforts to expand access to the cleaner burning, renewable fuel.

Sources:

<http://www.biodiesel.org/news/ben/2009/Summer2009.pdf>

<http://www.biodiesel.org/>

RFS2 May Require the Tracking of Feedstocks

The U.S. EPA's proposed rule for the second stage of the renewable fuel standard (RFS2) states that renewable identification numbers (RINs) can only be generated for renewable fuel that is produced from feedstock which meets the definition of renewable biomass. In the case of crops and crop residues, these feedstocks must be harvested from agricultural lands cleared and cultivated prior to Dec. 19, 2009. In addition, the land used to produce them must be actively managed or fallow, and non-forested. To ensure compliance with this aspect of the proposed rule, the EPA is proposing to require renewable fuel producers to provide a demonstration of the type of land used to produce the feedstocks they use at their facilities.

Some companies believe that the rule appears to place an impossible burden on the producer and would be a larger financial and regulatory burden than necessary. The EPA, however, has proposed several alternatives that could be used to comply with the new rule including a chain of custody tracking system or a quality assurance program. A final ruling has yet to be made.

Sources:

http://ethanolproducer.com/article.jsp?article_id=5893

Calendar of Events

Michigan Clean Transportation Expo & Awards Gala

September 29, 2009

Novi, Michigan

<http://www.mct-expo.com/>

International Biorefinery Conference

October 06 - October 07, 2009

East Syracuse, New York

<http://www.esf.edu/biorefineries/>

Algae Biomass Summit

October 07 - October 09, 2009

San Diego, California

<http://www.algalbiomass.org/events/>

Renewable Energy from Organics Recycling Conference

October 19 - October 21, 2009

Minneapolis, Minnesota

<http://www.jgpress.com/biocycleenergy/home.html>

Global Soybean & Grain Transport 2009

November 02 - November 04, 2009

New Orleans, Louisiana

<http://events.soyatech.com/conference.php?cid=11>

4th Annual Cellulosic Biofuels Summit

November 16 - November 19, 2009

Washington D.C., USA

<http://guest.cvent.com/EVENTS/Info/Summary.aspx?i=a7845b8d->

This will be the last issue of the Michigan Biofuel News. To obtain archives of this newsletter and/or further updates on the status of biofuels in Michigan, please visit: www.michigan.gov/energyoffice

