



Iowa Renewable Fuels Association

# GREEN Team

Grassroots REnewable Energy Network

Newsletter for renewable fuels advocates

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## How to Weaken the Power of Foreign Oil

Former **National Security Advisor Robert McFarlane** and former **Director of Central Intelligence James Woolsey** recently wrote an article in *The New York Times* on the power of oil. Following are excerpts from the article.

Oil's strategic importance stems from its virtual monopoly as a transportation fuel. Today, 97 percent of all air, sea and land transportation systems in the United States have only one option: petroleum-based products. For more than 35 years we have engaged in self-delusion, saying either that we have reserves here at home large enough to meet our needs, or that the **OPEC** cartel will keep prices affordable out of self-interest. Neither assumption has proved valid. While the Western Hemisphere's reserves are substantial and growing, they pale in the face of OPEC's, which are substantial enough to effectively determine global supply and thus the global price.

According to senior executives in the oil industry, in the years ahead that price is going to rise beyond anything we've seen — well above the \$147 per barrel we experienced three years ago. Such a run-up in the price of oil has been predicted as a consequence of an event like an attack on a major Saudi processing facility that takes production off line. But such a spike would be more likely to be caused by the predictable increase of demand in China, India and developing countries, alongside the cartel's strategy of driving up prices by constraining supply. While OPEC sits on 79 percent of the world's conventional oil reserves, it accounts for only one-third of global oil supply.

There is, however, a way out of this crisis. Ultimately, electric cars may become the norm, but for the near and middle term, the solution lies in opening the transportation fuel market to competition from sources other than petroleum.

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## Biodiesel Industry Applauds USDA Advanced Biofuel Payments

*Payments Will Boost Economy While Advancing U.S. Technologies*

The **National Biodiesel Board (NBB)** recently applauded the **U.S. Department of Agriculture's** announcement that it will award millions of dollars in bioenergy payments to spur the production of advanced biofuels such as biodiesel.



The payments, authorized under the 2008 **Farm Bill**, are going to more than 160 producers in 41 states, including dozens of biodiesel companies across the country.

**IRFA** members **Iowa Renewable Energy, Renewable Energy Group, Western Dubuque Biodiesel, and Western Iowa Energy** each received Advanced Biofuel Payments. A full list of recipients for the payments can be found [here](#).

"These payments will create jobs and economic activity while helping the biodiesel industry advance new technologies and improve efficiency," said **Anne Steckel, NBB's vice president of federal affairs**. "It's another example of this administration's strong commitment to boosting domestic production of advanced biofuels and securing our energy future."

The payments are authorized under the Farm Bill's **Bioenergy Program for Advanced Biofuels**, which Congress created to ensure an expanding supply of domestic energy. Payments are based on the amount of biofuels a recipient produces from renewable biomass other than corn kernel starch. Eligible recipients include biofuels derived from vegetable oil and animal fats, cellulose, crop residue, animal, food and yard waste, and gases from landfill or sewage waste treatment.

American oil companies have come around to understanding the wisdom of introducing competition, as a matter of their own self-interest. But doing so means rapidly ramping up production of the alternative fuels, and that is the challenge. As an example, before investors will expand production capacity for cellulosic ethanol from plant life, or for methanol from natural gas — which on a per-mile basis is significantly cheaper than gasoline — they want to see that a sufficient proportion of the cars and trucks on America's roads can burn these fuels.

Here too, however, a solution is at hand; it lies in Detroit's making more flex-fuel cars — cars able to use gasoline, ethanol, methanol or any mixture of these. And because this flex-fuel option costs less than \$100 per car, making such a change is not exorbitant. Indeed, some 90 percent of all cars sold in Brazil last year are flex-fuel cars, and many of them were made by Ford, Chrysler and General Motors. That gives Brazilian drivers the option to purchase the most cost-effective fuel, and they can easily switch from one type to another.

But here's the rub. Although the American manufacturers have stated publicly their willingness to make flex-fuel vehicles up to 50 percent of their production, they're just not doing it. Hence the need for Congress to require that new vehicles allow the use of alternative fuels. In some corners of Washington, that raises a cry against "mandates." Of course the response to that is: Doing nothing is equivalent to mandating a monopoly by a single fuel (whose price is set by a foreign cartel).

Competition is a bedrock of our American way of life. It's time to introduce it into our fuel market. The time has come to strip oil of its strategic status. For complete story [click here](#).

### RFA Announces 2012 Leadership

At its annual membership meeting held recently in Washington, DC, the **Renewable Fuels Association (RFA)** re-elected **Walt Wendland, CEO of Golden Grain Energy** in Mason City, Iowa, as **Secretary of the Board of Directors** of the RFA. Wendland is also currently serving as the **president of the Iowa Renewable Fuels Association**. The entire list of RFA membership can be seen [here](#).



IRFA President  
Walter Wendland

### More Corn Stocks Positive for Ethanol

Earlier this year, **USDA** was predicting corn stocks would finish the year at just 675 million bushels, less than a three-week supply. But as of September 1, stocks instead totaled 1.13 billion bushels, with disappearance over the summer months indicated at 600 million less bushels than last year.



RFA Vice President  
Geoff Cooper

The immediate effect of the report was lower prices and a little more breathing room for the industries that rely on corn, like ethanol. "Pushing corn stocks back above one billion bushels is important for the psyche of the market," said **Renewable Fuels Association Vice President Geoff Cooper**. "Having more corn available should somewhat ease supply concerns brought on by poor growing conditions this year and provide more of a buffer until farmers complete the harvest of this year's crop."

### Proposed Farm Bill Includes Advanced Biofuels

**Senator Dick Lugar (R-IN)** and **Rep. Marlin Stutzman (R, IN-3rd)** have introduced a **Farm Bill** that they say would save \$40 billion and includes provisions that support the development of advanced biofuels. "We offer our bill as a thoughtful option for consideration by the **House and Senate Agriculture Committees**, as well as the **Congressional Deficit Reduction 'Super' Committee** charged with making real federal spending cuts by the end of the year," Lugar said of the bill they have entitled "**The Rural Economic Farm and Ranch Sustainability and Hunger Act**" or **REFRESH**.

In the energy section, the legislation would continue the **Rural Energy for America Program (REAP)** grant initiative for blender pumps "extend the current loan guarantee authority to help demonstrate new technologies, processes, and techniques for production of advanced biofuels and co-products." It would also reform the **Biomass Crop Assistance Program (BCAP)** to focus on "demonstrating opportunities for farmers to diversify their income through rearing bioenergy crops and improving techniques and equipment for collecting biomass from the land for delivery to advanced biofuel production."

The bill would also reform farm programs, update conservation programs and close nutrition program eligibility loopholes. It also proposes to repeal the mandatory federal sugar program, allowing for market pricing of sugar.

## IEA Warns of Ballooning World Fossil Fuel Subsidies

According to **Reuters**, global subsidies for fossil fuel consumption are set to reach \$660 billion in 2020 unless reforms are passed to effectively eliminate this form of aid, the **International Energy Agency (IEA)** said recently.

"Governments and taxpayers spent about half a trillion dollars last year supporting the production and consumption of fossil fuels," the energy watchdog to 28 industrialized countries said.

"In a period of persistently high energy prices, subsidies represent a significant economic liability," it said in an extract of its annual **World Energy Outlook**, which is due to be published in full on November 9.

The IEA estimated such subsidies at \$409 billion in 2010, compared to \$312 billion in 2009. Oil products had the largest subsidies at \$193 billion in 2010 while \$91 billion went to natural gas. Iran and Saudi Arabia had the biggest subsidies.



## Magellan No Longer Pursuing Dedicated Ethanol Pipeline Project

According to **OPIS**, **Magellan Midstream Partners** has pulled out of its partnership with ethanol producer **POET** to build a dedicated ethanol pipeline from the Midwest to the East Coast.

"All along, we felt that the project was dependent on federal financing," explained Magellan spokesman **Bruce Heine**. "Without modifying DOE's loan guarantee program, we made the decision that it would be a difficult task to accomplish this," he said.

Both parties had been pushing for government funding to make the project feasible. Specifically, several bills have been introduced that would qualify a renewable fuel common carrier pipeline as an eligible project to receive loan guarantees and would increase the loan guarantee rate to 80%, however nothing has been enacted into law.

## Illinois Ethanol Plants Helped Crews Contain Fires from Train Derailment

According to **Ethanol Producer Magazine**, two ethanol plants in Illinois supplied foam suppressants to emergency crews that battled fires caused by the derailment of ethanol-carrying tanker cars outside Tiskilwa, Ill. The **Marquis Energy** ethanol plant in Hennepin, Ill., provided several totes containing 260 gallons of firefighting foam while the **Patriot Renewable Fuels** plant in Annawan, Ill., donated two 65-gallon barrels of the substance, said **John Petrakis**, **fire chief** of Princeton, Ill. "We see a lot of ethanol travel through here, but we don't get a lot of ethanol incidents. So it was a great learning experience for the area fire fighters," said Petrakis. For complete story [click here](#).

Click here to view IRFA's videos on



## RFIB Awards Ethanol and Biodiesel Grants

The **Renewable Fuels Infrastructure Board** approved 17 grant applications to expand Iowa's ethanol and biodiesel infrastructure at its recent quarterly meeting. Grants were awarded to the following companies.

Linn Coop Tire & Auto, Marion	Ethanol Blender Pump
Magellan Pipeline, Des Moines	Biodiesel Terminal
Winn Coop Country Express, Decorah	Ethanol Blender Pump & Biodiesel Dispenser
Cresco Fuels, Cresco	Ethanol Blender Pump & Biodiesel Dispenser
TLJ Investments Stop, Palmer	Ethanol Blender Pump
New Hartford Stop, New Hartford	Ethanol Blender Pump & Biodiesel Dispenser
The Depot, Tiffin	Ethanol Blender Pump & Biodiesel Dispenser
AgriLand FS, Knoxville	Ethanol Blender Pump & Biodiesel Dispenser
AgriLand FS, Indianola	Ethanol Blender Pump & Biodiesel Dispenser
Kalona Oil Company, Kalona	Biodiesel Terminal (Upgrade)
Sapp Brothers, Carter Lake	Biodiesel Terminal

The RFIB provides grants covering 70 percent, or a maximum of \$50,000, for ethanol blender pumps and biodiesel dispensers. A maximum of \$100,000 is available for biodiesel terminals. An application may be downloaded from IRFA's website [here](#).

## Fire Scout Completes First Navy Unmanned Flight on Biofuel

The Navy reached a milestone in its quest to gain energy independence when an MQ-8B Fire Scout successfully flew the first unmanned biofueled flight at Webster Field in St. Inigoes, Md.

### The Unmanned Aircraft Systems Test

Directorate piloted the helicopter fueled with a combination of JP-5 aviation fuel and plant-based camelina. The biofuel blend reduces carbon dioxide output by 75 percent when compared to conventional aviation fuel.



"Today's flight marks a significant milestone with Fire Scout being the Navy's first unmanned aircraft to use biofuel technology," said Rear Adm. Bill Shannon. Watch the video [here](#).

## IRFA President Statement on Gov. Rick Perry's Energy Plan

Presidential candidate Texas Governor Rick Perry recently unveiled his energy policy during a campaign event in Pennsylvania.

IRFA President Walt Wendland responded with the following statement:

"In a recent op-ed in the *New York Times* on the need to promote flexible fuel vehicles to break the petroleum monopoly, former Reagan National Security Advisor Bud McFarland wrote: 'Doing nothing is equivalent to mandating a monopoly by a single fuel (whose price is set by a foreign cartel).' Well, the Perry energy plan is 'do nothing' when it comes to diversifying our fuel supply away from foreign oil.

"The Perry plan would leave America dependent on that single fuel – petroleum – with OPEC in charge of its price. The Perry plan would leave intact the federal petroleum mandate. The Perry plan would leave in place the fuel distribution monopoly of oil companies.

"But the most indefensible part of the Perry plan is that it would lock in tax subsidies for petroleum while eliminating them for all other competing fuels. That might make sense in Texas, but it's a horrible policy for America. Governor Perry has said he doesn't want the government to pick winner and losers. But the Perry energy plan does just that – and foreign oil is the winner." For full press release [click here](#).

## Agriculture Secretary Vilsack Announces ISU to Receive a Grant to Develop a Regional Biomass Production System

Agriculture Secretary Tom Vilsack announced five major agricultural research projects today aimed at developing regional, renewable energy markets, generating rural jobs, and decreasing America's dependence on foreign oil. Altogether, the five-year program will deliver more than \$136 million in research and development grants to public and private sector partners in 22 states. University partners from the states of Washington, Louisiana, Tennessee, and Iowa will lead the projects, which focus in part on developing aviation biofuels from tall grasses, crop residues and forest resources.

A research team led by **Iowa State University** received \$25 million to develop a regional biomass production system for advanced transportation fuels derived from native perennial grasses, such as switchgrass, big bluestem and Indian grass. The \$25 million project will study the potential benefits of planting grasses with legumes to provide nutrients to land unsuitable for row crop production – adding value to marginal lands while reducing nitrogen runoff into waterways and increasing carbon sequestration. The team will also evaluate a co-product—bio-char—as a soil amendment to increase carbon sequestration.

*"We have an incredible opportunity to create thousands of new jobs and drive economic development in rural communities across America by continuing to build the framework for a competitively-priced, American-made biofuels industry," said Vilsack.*

USDA made these awards through its **Agriculture and Food Research Initiative** (AFRI). AFRI's sustainable bioenergy challenge area targets the development of regional systems for the sustainable production of bioenergy and biobased products that contribute significantly to reducing dependence on foreign oil. For a complete list of the grant recipients [click here](#).

### New Blender Pump Stations!

**Mid-Iowa Coop**  
1260 Hwy 96, Gladbrook  
Offering B2, E10, E15, E30 & E85

**Mid-Iowa Coop**  
33061 K Avenue, Beaman  
Offering B2, E10, E15, E30 & E85