



Greetings to EPAC members and friends, The EPAC Board has been discussing how to best communicate with members. This document will be sent electronically to all members in our data base. We are experimenting with a format and way to send news to our members. Many in the industry receive all sorts of daily news briefings. However, many of our grass roots members do not get those reports. EPAC will strive to pick out some of the news of interest and forward to all members. If you receive news from other sources, you can delete and nothing really wasted. And those who want the news can read and then delete as you wish. We want to hear from you about this document: If we should continue this format or not, please let us know your thoughts.

As E85 Fuel Prices Jump Across America, Coalition for E85 Fights Back

(January 5, 2012) WASHINGTON, D.C. On January 1st, Congress allowed the ethanol tax credit to expire, but the Coalition for E85 (www.CoalitionForE85.org) is renewing its efforts to have American-made 85-percent ethanol recognized as an alternative fuel along with natural gas, propane, and hydrogen alternatives.

Congress' inaction meant an immediate a 38-cent increase on every gallon of clean E85, cutting the incentive for Americans to buy domestically produced fuels, and endangering the investments of millions of Flex Fuel auto owners, E85 retailers, producers, equipment manufacturers, and other supporters.

The Coalition for E85 is increasing its efforts to achieve the same tax status for E85 as other alternatives fuels, urging supporters to reach out to their representatives and show support for E85. A tool kit including sample letters to Congress, pump top posters for retailers, and social media links can be found at <http://www.coalitionfore85.org/take-action/>.

“Despite the tax credit’s expiration, we are continuing to work to protect the investments made by millions of Flex Fuel drivers, and thousands of retailers and producers who want to keep money spent on fuel right here in our country,” said Matt Horton, CEO of Propel Fuels, a leading member of the Coalition for E85. “Oil companies didn’t need the tax credit to keep blending ethanol into gasoline, but America’s alternative fuel retailers need the tax credit to keep E85 affordable. Without Congress’ continued support, America will become more dependent on foreign oil.”

The Federal Government's current tax policy fails to recognize that E85 is already the leading alternative fuel choice at the pump. E85 has the potential to provide 12 million American drivers with a clean fuel option, while making progress toward freeing our country from its foreign petroleum dependency. Without relief, many small businesses that have invested more than \$100 million in E85 infrastructure may be forced to close their pumps.

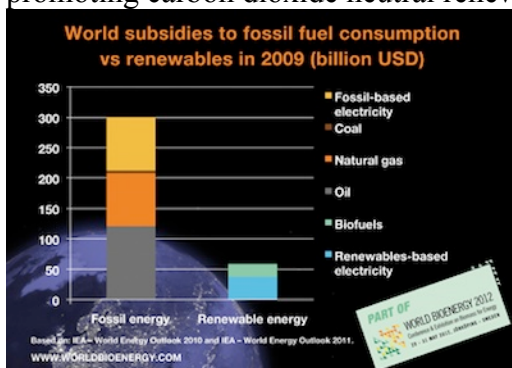
E85 also provides a platform for advanced biofuels. E85 is a renewable fuel that can be produced from non-food sources such as farming byproducts, algae biomass and household waste. The Federal Government has invested deeply in development and commercialization of these next-generation biofuels, but without E85, such innovations may never be fully developed.

For more information, including a list of member organizations visit www.CoalitionForE85.org, or to join the Coalition for E85 email info@CoalitionforE85.org.

World subsidies for fossil fuels 5x larger

From the Canadian Biomass publication, Written by [Elmia](#)

Nov. 2, 2011 –Something is wrong in the world of energy subsidies. According to statistics gathered by the International Energy Agency (IEA), the worldwide subsidies to fossil fuel consumption in 2009 amounted to no less than 300 billion USD, while at the same time the global support for renewables was almost 60 billion USD. This means that global government spending on promoting fossil fuels was five times higher than on promoting carbon dioxide neutral renewable energy sources.



The reasons for promoting the use of renewables are easily understood. Renewable energy sources (bioenergy, hydro, wind, solar and geothermal energy) are not only beneficial from a carbon dioxide emissions perspective. They are usually locally produced and harvested, generating jobs and income in rural areas. Other arguments towards the use of renewable energy sources include decentralized energy production, security of supply, less dependency on imported energy and long term readiness for shortages in the supply of fossil energy. The intentions for fossil fuel subsidies are to alleviate poverty and promote economic development by providing cheaper energy. However, not only do fossil fuel subsidies

increase CO2 emissions, but they often encourage wasteful consumption, hasten the decline of exports, threaten energy security by increasing imports, distort markets and create barriers to clean energy investments. (World Energy Outlook 2011, IEA)

The global fossil fuel consumption subsidies were driven even higher in 2010 by the rebound in international energy prices, from 300 to 409 billion USD. These subsidies are set to reach 660 billion USD in 2020, or 0.7% of global GDP, without further reforms. But, phasing out fossil fuel consumption subsidies by 2020 would slash the growth in global energy demand by 4.1% and reduce the growth in oil demand by 3.7 million barrels per day, leading to 1.7 billion tonnes less CO2 emissions. Many countries have now started or planned reforms of their fossil fuel subsidy systems.

Based on: IEA - World Energy Outlook 2010 and IEA - World Energy Outlook 2011

EPAC Conference set for Billings.

Save the date!!! **June 24 – 26**, Billings, Montana has been chosen for the Annual EPAC conference. Some speakers and sponsors have already been confirmed, and others are being contacted. The EPAC conference will again be an opportunity to Connect and Network with the agencies, businesses and players that understand the process to build a biofuels facility in the region. Mark your calendars, and keep tuned in as more information will be forthcoming. See you there!! The conference will tie in with the annual reenactment of Custer's Last Stand at the nearby Custer Battle Field. Watch for information on how you can attend this historic event.

CFDC Executive Director Doug Durante Tells State Legislators to Hold the Line on the RFS

-Maintaining the RFS and Access to Market Key for High Level Ethanol Blends

Washington D.C. January 13, 2012: CFDC Executive Director Doug Durante spoke at the Annual Agriculture Chairs Summit in Washington, D.C. this week and told the group that the demand for advanced biofuels that would be produced in response to the RFS was as important to American Agriculture as the first 15 billion gallons of corn ethanol has been. In addition, the states can play a key role in helping biofuels gain access to the market so that motorists have a choice of fuels.

The Agriculture Chairs Summit is a gathering of state legislative Agriculture Committee Chairs from 48 states and Eight Canadian provinces. In addressing the outlook for energy, Durante told the group that maintaining the federal Renewable Fuel Standard represented a tremendous opportunity for the states and that American agriculture is

likely to be the key supplier of advanced biofuels that will be needed over the next decade to meet the requirements of the program. "Conventional, corn based ethanol has always been seen as a bridge to advanced and cellulosic biofuels. The easiest, most efficient way to develop these fuels is to build on the successes of the ethanol industry to date." Durante told the group that ag wastes, specialty crops, and other ag-based feedstocks offer tremendous possibilities for biofuel production as we move beyond corn feedstocks. That can only happen, he said, if the RFS remain in place.

"With ethanol at somewhat of a crossroads in terms of the tax exemption expiring and new sources of biofuels being required, it is not so much the end of one era as it is the beginning of another. The states are going to have to assume more of a leadership role in this era of a smaller federal government but the states also reap the benefits of employment, lower fuel costs, and improved environment," he said. "Biofuels can replace harmful components of gasoline and address a range of negative health impacts associated with petroleum use, particularly by supplying clean octane."

The key to developing the next generation of biofuels according to Durante is to solidify demand, which the RFS does. It creates investor confidence which in turn accelerates technology development. The third leg of the stool is getting the fuels to market through flex fuel pumps and vehicles. "With a certainty of demand we will see more flex fuel vehicles and more investment in refueling infrastructure. The circle is complete when technology developers and investors see a stable and growing market."

Durante also asked state legislators to support any measure to make the transition to biofuels smoother, including elimination of any barriers such as canopy laws that allow petroleum companies to ban biofuel pumps under their canopy, and unfair labeling or other discriminatory practices.

Press Release December 29, 2011

Fresno, CA – A judge in Federal District Court in Fresno, California, today sided with America's ethanol industry in ruling that the State of California's Low Carbon Fuel Standard (LCFS) is unconstitutional. Judge Lawrence J. O'Neill agreed with the arguments that the LCFS is in violation of the Commerce Clause the U.S. Constitution. In a joint statement, RFA President and CEO Bob Dinneen and Growth Energy CEO Tom Buis said: "The state of California overreached in creating its low carbon fuel standard by making it unconstitutionally punitive for farmers and ethanol producers outside of the state's border. With this ruling, it is our hope that the California regulators will come back to the table to work on a thoughtful, fair, and ultimately achievable strategy for improving our environment by incenting the growth and evolution of American renewable fuels."

The groups filed their suit on December 24, 2009 and asserted that the California LCFS violates the Commerce Clause by seeking to regulate farming and ethanol production

practices in other states. The Commerce Clause specifically forbids state laws that discriminate against out-of-state goods and that regulate out-of-state conduct. With its original filing, the groups noted, “The LCFS imposes excessive burdens on the entire domestic ethanol industry while providing no benefit to Californians. In fact, in disadvantaging low-carbon, domestic ethanol, the LCFS denies the people of California a genuine opportunity to clean their air, create jobs, and strengthen their economic and national security. One state cannot dictate policy for all the others, yet that is precisely what California has aimed to do through a poorly conceived and, frankly, unconstitutional LCFS.”

On this claim the Court found that the LCFS discriminates against out-of-state corn-derived ethanol and impermissibly regulates extraterritorial conduct. As a result, the Court issued an injunction. Judge O’Neill also ruled that CARB failed to establish that there are no alternative methods to advance its goals of reducing GHG emissions to combat global warming.

The ruling allows CARB to appeal Judge O’Neill’s decision immediately to the U.S. Court of Appeals for the 9th Circuit. RFA and Growth Energy will defend the Judge’s decision that the LCFS is unconstitutional in any appeal that may be filed by CARB.

Albert R. Tong

EPAC extends sympathy to the family of Albert R. Tong, age 96, who passed away on Sunday, December 11, 2011 at the Daniels Memorial Healthcare Center in Scobey, Montana. Albert, a farmer in Northeast Montana was a loyal member of EPAC, having joined the organization one of the first years of existence. Albert could be counted on to be all workshops and meetings if they were within driving distance of his farm so he could get home at night for chores. Albert is survived by one son, Conrad Tong of the family farm in the Bredette Community as well as numerous nieces and nephews.

CONGRATULATIONS TO PAT TORGERSON

Congratulations to long time member Pat Torgerson for her interview in the Sidney Montana Herald. Pat and husband Ken have been members of EPAC since the beginning, and she is also an active member of WIFE (Women Involved in Farm Economics). Pat has been involved in telling the Food and Fuel story: that it is possible to get both food and fuel from the grain that is processed to ethanol. Pat continues to speak for agriculture and renewable energy and EPAC salutes her for her efforts.

Benson, Minn., ethanol plant takes the heat, and puts it back to work

By: **Tom Cherveney**, West Central Tribune

BENSON — An energy savings project undertaken by the Chippewa Valley Ethanol Company in Benson is cutting the company's natural gas costs by about \$700,000 annually.

The Benson ethanol plant is among 36 facilities in Minnesota realizing ongoing energy savings thanks to one-time energy upgrade grants administered by the Minnesota Department of Commerce Division of Energy Resources. The grants, funded by the American Recovery and Reinvestment Act, were targeted to make energy efficiency improvements to commercial, industrial and nonprofit facilities across Minnesota.

According to a news release from the Department of Commerce, the project in Benson takes advantage of the energy used by the plant's regenerative thermal oxidizer. The system heats the exhaust gases from the plant's distillers dried grains production to 1,200 degrees Fahrenheit. The high temperatures break down the volatile organic compounds in the exhaust to meet air emissions standards. In the past, much of the heat used in breaking down the compounds was vented along with the exhaust.

Chippewa Valley Ethanol Company General Manager Mike Jerke told the Tribune that the company invested in engineering and equipment to capture as much of that heat as possible. It is now recirculated and used to heat water as part of the plant's production system.

All of the ethanol plants in Minnesota rely on regenerative thermal oxidizers to meet air standards, but the systems are different at each plant. There was no "cookie cutter" model out there when Chippewa Valley Ethanol went to work to develop the engineering and mechanical system to make this energy saving feature work, Jerke said.

According to the Department of Commerce, a \$500,000 grant was awarded to Chippewa Valley Ethanol Company toward the \$2 million project.



Brought to you by the EPAC Board of Directors and staff:

Tim Babcock, Phil Madson, Linda Nielsen, Patsy Reimche, Julie Ward, Dan Schwartzkopf, Gary Schaff, Mike Allen, Craig Shealy, Shirley Ball, and Stan Ozark.

The Board wants to remind you that if you have not yet paid your 2012 dues, now would be a good time. Support an organization that supports biofuels. Thanks!!

