



**Renewable Fuels Association's
DAILY NEWS SUMMARY**

Friday, March 17, 2006

Domestic

- | | |
|----------------------------------|---|
| 1. Sioux Falls (SD) Argus Leader | Ethanol Plant Appeals Rival's Permit |
| 2. Associated Press | (MI) House Passes Bill to Boost Alternative Fuels |
| 3. Daily News of Los Angeles | Easy Access to 'Hydrogen Highway' |
| 4. Associated Press | (LA) Odom Suing Over Ethanol Plant |

International

- | | |
|--------------------------------|---|
| 5. World Markets Analysis | Brazilian Biodiesel Capacity to Reach 1.1 bil. Litres in 2007 |
| 6. Daily Telegraph (Australia) | Keen on Going Green |
| 7. The Citizen (South Africa) | Step Forward Towards Ethanol Fuel |

Biodiesel

- | | |
|-----------------------------|---|
| 8. Dallas (TX) Morning News | Kinky Aims to Spark Campaign with Energy Ad |
|-----------------------------|---|

Ethanol plant appeals rival's permit

Judge orders halt of action by Turner County officials until review of zoning decision

By: MELANIE BRANDERT

A new chapter is unfolding in the South Dakota tale of two **ethanol** plants in one county.

Great Plains **Ethanol** in Chancellor filed a notice of appeal this week to Turner County Commission regarding the county Board of Adjustment's decision to grant Millennium **Ethanol** a conditional-use permit to build a plant near Marion.

Great Plains, a Broin Industries company, also filed a petition for a writ that requests that Turner County officials be restrained from having further proceedings about Millennium's permit application and issuing the permit.

Circuit Judge Lee Anderson granted the writ Wednesday, ordering the zoning board and Zoning Administrator Faye Dubbelde to prepare a transcript of the board's Feb. 14 meeting at which the permit was approved.

While Bill Taylor, a Sioux Falls lawyer who represents Broin Industries, did not request Millennium to halt its plans, that doesn't mean he won't consider such an order.

"We'll see how this goes," Taylor said. "If Turner County intends to issue a conditional-use permit before the (court) hearing, I may well ask for a cease-and-desist order."

A distinctive situation is being created with the potential for two **ethanol** plants within Turner County and thus, a competitive atmosphere for corn.

The county zoning board had granted Millennium **Ethanol**, which wants to build a 100-million-gallon plant, a conditional-use permit on Feb. 14, despite concerns from Great Plains. That plant would be 18 miles from Millennium.

Since then, Broin announced the Chancellor plant would expand to 100 million gallons, with construction beginning this summer.

In the petition to also review the zoning board's decision, Great Plains contends that the board ignored or failed to consider un rebutted evidence that granting the permit would be contrary to public health and safety because of land use, air and water quality, drainage, odor and other issues.

It also said the board's decision rezoned Millennium's land to an undefined industrial zone, and the board ignored a county zoning ordinance section about aquifer protection overlay district regulations that prohibit a petroleum products terminal.

Taylor said part of the land on which Millennium wants to build is in an aquifer protection district. State law also lists alcohol-blended fuels, such as **ethanol**, as being a petroleum product.

Scott Heidepriem, a Sioux Falls lawyer representing Millennium, said he and his client think the situation is unfortunate.

"We think competition is a good thing and regret that not all parties see this as a good thing," he said.

State's Attorney Tiffani Landeen-Hoeke and Ralph Duxbury, Turner County Board of Adjustment chairman from Hurley, declined to comment.

"I think until the process is worked through, I'd better clear it with the state's attorney," Duxbury said.

Regarding Great Plains' arguments, Heidepriem said he and Millennium officials were confident they weren't an obstacle to the permit and would be addressed in court.

When asked if he thought the civil matter would delay Millennium's timeline, Heidepriem replied, "There is nothing in the court's order that delays or restrains Millennium in any way."

A court hearing has been scheduled for April 19.

"It will be one to decide whether it is an argument about what occurred at the Board of Adjustment or whether it is an opportunity to hear more evidence," Heidepriem said.

Associated Press (MI)
March 16, 2006

House passes bills to boost alternative fuels

By TIM MARTIN

LANSING, Mich. — Gas stations would get tax incentives to supply alternative fuels with higher **ethanol** and **biodiesel** content under legislation passed Thursday by the state House.

The bills are an attempt to reduce dependence on imported oil and to develop new markets for some Michigan agricultural products used to help make the alternative fuels. Some supporters say the legislation also could help the state's auto industry by encouraging the development of vehicles that run on alternative fuels.

Suppliers of the fuels could claim deductions from the motor fuel tax, potentially passing the savings on to motorists.

The House passed several bills related to the effort Thursday, and the legislation now goes to the Senate for its consideration.

"With agriculture and manufacturing, this package links up two of Michigan's largest industries," said Rep. Neal Nitz, R-Baroda, one of the sponsors of the legislation.

Ethanol is a clean-burning fuel made primarily from corn. **Biodiesel** is a clean fuel made from renewable sources such as soybean oil.

One bill gives incentives for gasoline that is at least 70 percent **ethanol** or diesel fuel that is at least 5 percent **biodiesel**.

Suppliers could claim deductions to reduce the motor fuel tax they pay to 12 cents per gallon on those fuels, compared with the current 19 cents per gallon for regular gasoline and 15 cents per gallon for regular diesel fuel.

The bill was changed this week from the original version which called for posting a lower tax on fuel that contained at least 85 percent **ethanol** or 5 percent **biodiesel**.

Another bill would give gas stations grants to cover part of the costs of adding **ethanol** or **biodiesel** pumps. Another would expand Michigan's renaissance zones to cover the manufacturing of alternative energy fuels.

Most of the bills passed unanimously, but a few drew scattered opposition.

The bill to make grants available to gas stations to add **ethanol** and **biodiesel** delivery systems, for example, passed by a 97-6 vote.

Republicans Leon Drolet of Macomb County's Clinton Township, John Garfield of Rochester Hills, Bob Gosselin of Troy, Jack Hoogendyk of Portage, Brian Palmer of Romeo and Chris Ward of Brighton voted against the bill.

Five representatives did not vote on that bill. They were Republicans Gary Newell of Saranac, Barb Vander Veen of Allendale and William Van Regenmorter of Jenison, and Detroit Democrats Marsha Cheeks and Bill McConico.

EASY ACCESS TO 'HYDROGEN HIGHWAY' *CITY OPENS CLEANER-FUEL PUMP*

By Kerry Cavanaugh

BURBANK - At first glance, the fuel of the future doesn't look so different from gas of the present: There's a pump, a hose, a nozzle.

But at this corner of the city of Burbank maintenance yard is the San Fernando Valley's first hydrogen fueling station and another link in Gov. Arnold Schwarzenegger's "hydrogen highway," a network of stations slated to serve thousands of high-tech vehicles by 2010.

Air-quality agencies and automakers have embraced hydrogen as the next big thing in fuel, capable of powering zero-emission cars and reducing the nation's dependence on foreign oil.

While mass-marketed hydrogen fuel cell cars are perhaps a decade away, local governments are already investing in hydrogen infrastructure.

"I don't want to be a laggard, I want to be a leader," Burbank City Councilman Todd Campbell said. "If this is where we're going to go, let's do it."

A longtime clean-air advocate, Campbell pushed Burbank to take advantage of grants and become one of the first cities to install a hydrogen fueling station for city vehicles - one that eventually will be open to the public.

Burbank teamed with the South Coast Air Quality Management District, which has spent \$7 million to develop five hydrogen stations and convert 30 hybrid vehicles to use hydrogen instead of gasoline. The hope is that someday soon Southern Californians can pump their cars full of hydrogen and drive away with virtually no tailpipe emissions.

"We're proving the technology can be applied in a large fleet situation and proving to drivers that this fuel is not some far-off, space-age fuel. It's something they can use today," said Matt Miyasto, the AQMD's technology demonstrations manager.

So far, roughly 60 hydrogen cars are based in Southern California.

About half are hydrogen hybrids and the others are demonstration vehicles leased to government agencies.

However, hydrogen still presents big challenges.

Fueling stations can make hydrogen from water, breaking down the components of H₂O. But some energy-industry experts warn that hydrogen costs about \$10 a gallon to produce, primarily because it takes a lot of electricity to separate hydrogen from oxygen in water molecules.

Also, automakers have struggled to develop a hydrogen car that can get mileage comparable to a gas-fueled vehicle.

Some environmental groups also accuse government agencies of investing too much money in technology that consumers won't be able to use for a decade, rather than funding zero-pollution, electric cars that could be cruising L.A.'s freeways today.

"With the amount of money the government is putting into hydrogen, if we put that into photovoltaic electric (electric-car drivers can plug into chargers powered by solar panels) and plug-in hybrids, we could end our dependence on foreign oil today," said Stephanie Barger, executive director with Earth Resource Foundation in Costa Mesa.

Just a few years ago, electric vehicles were seen as the wave of the future.

The Los Angeles Department of Water and Power developed the nation's most aggressive electric vehicle infrastructure program in the late 1990s and installed more than 500 charging stations before California air regulators and automakers pulled the plug on electric-vehicle requirements.

Now the DWP has a small hydrogen station for the city's five hydrogen cars. But the utility is also making a push for the plug-in hybrid, which has a larger battery that can be charged overnight and doesn't have to rely on the gas engine.

"You can basically use all electric and none of the gasoline engine, but you can still use the gasoline engine if, on the weekend, you go up to the mountains," said Bill Glauz, DWP manager of renewable and emerging technology.

AQMD and state officials said they are also funding demonstration vehicles using natural gas, **biodiesel** and hybrid engines.

However, they said, hydrogen appears to be the eventual replacement of petroleum. And, perhaps more important, automakers are putting their research dollars into hydrogen fuel cells.

"Carmakers are very optimistic about fuel cells, which is important because they were pessimistic about batteries. They're willing to spend the money (on research)," said California Air Resources Board spokesman Jerry Martin.

With hydrogen on the horizon, the AQMD is testing hybrids converted to hydrogen that can hit the road immediately.

Irvine-based Quantum Fuel Systems Technologies WorldWide Inc. converted Toyota Priuses that run on gasoline and electric batteries to use hydrogen instead of gas. The cars can travel 80 miles per fill. They emit low levels of smog-forming pollutants but no carbon monoxide, carbon dioxide or hydrocarbons.

Burbank paid \$350,000 to buy five hybrids and to cover operation costs of the station. The AQMD paid \$1.4 million to convert the Priuses to hydrogen and pay for the fueling station, which converts water to hydrogen on site.

Burbank Assistant Public Works Director Bob Van Hazelen occasionally drives one of the hydrogen hybrids and, so far, he said, the car is smooth and quiet and fueling is fast and easy.

"Everyone has accepted them quite well," he said. "I can see this being mainstreamed very easily."

The Associated Press (LA)
March 16, 2006 Thursday

Odom suing over ethanol plant

BATON ROUGE La.--The state agriculture department is suing the company that was supposed to build a \$150 million **ethanol** plant in southwest Louisiana next to Agriculture Commissioner Bob Odom's controversial sugar syrup plant in Lacassine.

Supercritical Recovery Systems/Lacassine LLC has defaulted on the terms of its lease with the department, Odom told the members of the Louisiana Agricultural Finance Agency on Wednesday.

Jim Gelpi, an attorney for the agriculture department, said a lawsuit against the company is necessary to have the lease legally declared void, which would allow the state to get a new tenant on the property.

The company paid the state \$15,000 to \$16,000 to lease the land, but Odom said the company did not begin construction within a prescribed period of time and did not make payments described in a maintenance contract.

The agricultural finance agency, which is appointed by the governor but is under the authority of the agriculture department, voted to go ahead with a lawsuit.

In May, Odom held a groundbreaking ceremony for the plant, which was supposed to distill agricultural waste such as sugar cane bagasse into **ethanol**. The Lacassine syrup mill began processing cane into syrup about two weeks ago.

A massive **ethanol** plant using the waste product from cane processing would have greatly helped the syrup mill's bottom line but Supercritical would have been building the first full-fledged plant in the world to manufacture **ethanol** from cellulose, or plant fibers.

Robert Ames, chief executive officer of the company, did not return a call seeking comment.

Odom defended his earlier support of Supercritical.

"They came with \$15,000. If you came with \$15,000, to me you are real," he said.

The agriculture commissioner, who is also the chairman of the agricultural finance agency, said he is already in discussions with another company about building a facility on the site.

Brazilian Biodiesel Capacity to Reach 1.1 bil. Litres in 2007

By: Cormac Doyle

Brazilian **biodiesel** production capacity will reach 1.1 billion litres in 2007, a level that will be sufficient for the 2% compulsory blend with regular petroleum-based diesel coming into force in 2008, according to Reuters, which cites Rodrigo Rodrigues, co-ordinator of the government **biodiesel** commission. Brazil currently has five **biodiesel** mills with a total production capacity of 49 million litres per year, and another five mills with a capacity of 61 million litres per year are nearing start-up. A further 24 mills with 1 billion litres of capacity are planned or being built. Total **biodiesel** output in Brazil was 400 million litres in 2005. Significance: **Biodiesel** was introduced into Brazil's energy matrix in 2004, and the first **biodiesel** plant in the country was inaugurated in March 2005. **Biodiesel** fuel is mostly a mixture of vegetable oil or sewage and a reagent, typically **methanol**, to make the vegetable matter burn, although Brazil is interested in using **ethanol** instead of **methanol**. The idea is to mix 2% **biodiesel** with ordinary diesel initially, but this could rise to 5% by 2010. The initial 2% blend is voluntary at present, but will become mandatory from 2008.

Keen on going green

By: GORDON LOMAS

Australia's big four car companies have taken the brakes off **ethanol** use by declaring all locally made vehicles will be capable of running on the E10 blended biofuel. Home-grown Holden Commodores, Ford Falcons, Toyota Camrys and Mitsubishi 380s will all carry stickers stating the vehicles can run on the fuel which uses a 10 per cent **ethanol** mix.

The move effectively opens the taps on **ethanol**-blended fuel as a viable option for consumers and will prompt its availability at more filling stations.

Ethanol is booming internationally with a significant proportion of US corn production going to the biofuel. In Brazil, more than half of the new cars sold in 2005 run on **ethanol** or petrol or a combination of both. Brazil's obsession with **ethanol** produced from sugar cane began at the height of the energy crisis in the early 1970s.

And in a public endorsement for **ethanol**, a 5 per cent mix called Shell Optimax Extreme will be used as the control fuel for the Ford v Holden V8 Supercar Championship Series this year. The biofuel issue comes at a time when car companies believe the next big hit in showrooms will be hybrid vehicles.

A recent survey conducted by KPMG suggests the majority of 140 key automotive executives who responded say hybrids, or cars using electric motors in tandem with combustion engines, will be the biggest winners in market share in the next five years as fuel efficiency becomes an increasingly significant buying consideration. As fuel efficiency starts to take over in order of importance from affordability in consumers' eyes, the **ethanol** argument is also gathering speed worldwide.

The big question is, with **ethanol** reaching a point where its consumption will almost certainly take off, will the Government be prepared to provide a decent tax break for people who use it?

The Citizen (South Africa)
March 17, 2006

Step forward towards ethanol fuel

JOHANNESBURG – The feasibility of **ethanol** use as neat fuel or in a blend with petrol is to be investigated, the Industrial Development Corporation (IDC) said on Friday. This follows the signing of a collaboration agreement between the IDC and the Energy Development Corporation (EDC) -- a division of the Central Energy Fund - to examine **ethanol** production and use. “The country’s under-utilised agricultural capacity could be used to produce crops suitable for converting into **ethanol**,” the IDC said. “**Ethanol** is internationally recognised as a fuel that could be used in petrol engines either neat or as a blend with conventional petrol.” According to Manny Singh, general-manager of the EDC, the initiative is in line with government policy on renewable energy and energy diversity. “An important part of the investigation would be extensive stake holder consultations and consultations with the oil companies, motor manufacturers and government.” **Bioethanol** is an alcohol made from sugar cane, beet and maize. “The government backs the investigation of producing and using **ethanol** in this way, in particular in a 10 percent blend with petrol. “The objective would be a series of projects, which together will produce about 1.1 billion litres of alcohol per annum, representing roughly 10 percent of the country’s petrol consumption,” the IDC said.

Kinky aims to spark campaign with energy ad*Radio spot features Willie Nelson, touts virtues of biodiesel fuel*

By: WAYNE SLATER

AUSTIN - Kinky Friedman unveiled a radio spot Wednesday touting incentives for alternative energy, marking the campaign's effort to begin portraying the singer and mystery novelist as a gubernatorial candidate who's serious about the issues.

The 60-second ad features musician Willie Nelson, who calls Mr. Friedman the candidate of "clean energy and clean government." It promotes **biodiesel**, a fuel made from new and used vegetable oils and animal fats, and marks a departure from the hyperkinetic "Kinkytoon" spot on the campaign Web site.

"With a little imagination, Texas can lead the nation into energy independence," says Mr. Nelson.

Mr. Friedman is seeking a spot as an independent for governor and must collect 45,540 signatures by May 11 to get on the November ballot.

Campaign manager Dean Barkley said promoting alternative energy is the first in a series of campaign initiatives focusing on issues without abandoning Mr. Friedman's distinctive persona.

In the ad, Mr. Friedman is in lively form, promising that as governor, he would order the use of **biodiesel** to fuel school buses and the state's fleet of vehicles.

"And anyone who is on renewable fuels of any kind," he said, apparently digressing from the actual campaign initiative, "gets free parking forever in Texas."

Mr. Friedman said that his car does not use **biodiesel** fuel but that he intends to buy one that does.

The campaign said it had purchased broadcast time on 150 stations statewide for the spot, which encourages Texans to sign the petitions.

The campaign played the radio ad for reporters in the parking lot of an Austin **biodiesel** supplier.

Carrying a cigar and wearing his black cowboy hat, Mr. Friedman struggled to be heard over the music of a nearby rock band participating in the South by Southwest Music Festival.

He said politicians are responsible for the state's problems.

"I'm not a politician," he said. "I haven't even been indicted yet."

He said Republican Gov. Rick Perry and Comptroller Carole Keeton Strayhorn "have 59 years of political life between them. These are the people who created the situation. Are you going to bring in somebody like that to fix it?"

He singled out Mr. Perry's proposal for a multibillion-dollar network of toll roads, utility lines and passenger and freight rail lines that eventually could reach many parts of the state.

Mr. Friedman said he opposes toll roads and would name six existing highways for singers Waylon Jennings, Willie Nelson, Buddy Holly, Bob Wills, Stevie Ray Vaughan and Janis Joplin.

Meanwhile, Mrs. Strayhorn announced that 2002 Democratic gubernatorial nominee Tony Sanchez and former House Speaker Rayford Price, a Republican, have signed her petitions to put her name on the ballot.

"Republicans, Democrats and independent signers are all Texans who care about the future of Texas and know that Carole Keeton Strayhorn will shake up state government in Austin," she said.

A spokesman for Democratic nominee Chris Bell said the signatures underscore her status as "an insider obsession and an electoral mirage."
