



SENATE ENERGY COMMITTEE BEGINS WORK ON ENERGY LEGISLATION

On May 17th, the **Senate Energy Committee** began work on crafting comprehensive energy legislation. **Chairman Pete Domenici** (R-NM) hopes to finish the bill prior to Memorial Day.

“[The bill will] provide some certainty for companies looking to make investments in...ethanol plants.” – Sen. Domenici

During his opening remarks, Chairman Domenici stated: “I am convinced that, by the time we have incorporated the Tax Title into this legislation, this bill will do more for renewable energy than any bill ever has...It will also impose reliability standards on the electricity grid and provide some certainty for companies looking to make investments in energy infrastructure, including LNG facilities, transmission lines, and ethanol plants. It will enable billions of dollars of investments into those industries.”

Energy Committee Ranking Member Jeff Bingaman (D-NM) added: “The first principle is that we need to increase our supplies of energy from all available sources. Every potential source of energy will be required to meet our energy future. We need to make sure that resources that have not yet been as extensively developed as they might otherwise be, such as renewable energy, get the policy assist they need to make their maximum contribution.”

In previous years, the renewable fuels standard (RFS) provisions were crafted by the **Senate Environment and Public Works Committee** (EPW) and then merged with an energy bill on the Senate floor.

[See Senate Energy Bill, page 2]

PRESIDENT BUSH PROMOTES BIOFUELS DURING VISIT TO BIODIESEL REFINERY

President George Bush recently visited the **Virginia Biodiesel Refinery** near West Point, Virginia to promote ethanol and biodiesel as vital components of a comprehensive energy plan for the Nation.

During a speech at the refinery, Bush stated, “We need to take four steps toward one vital goal, and that is to make America less dependent on foreign sources of oil. We must be better conservers. We must produce and refine more crude oil here in America. We must help countries like India and China to reduce their demand for crude oil. And we've got to develop new fuels like biodiesel and ethanol as alternatives to diesel and gasoline...”



President Bush arrives at Virginia Biodiesel Refinery to discuss the importance of biofuels.

“Another important alternative fuel is ethanol. Ethanol comes from corn, and it can be mixed with gasoline to produce a clean, efficient fuel. In low concentrations, ethanol can be used in any vehicle. And with minor modifications, vehicles can run on fuel blend that includes 85 percent ethanol and only 15 percent gasoline...”

[See Bush on Biofuels, page 3]

Senate Energy Bill, cont'd.

Indeed, the EPW Committee did pass an RFS package in March. This year, however, Chairman Domenici has told reporters that the RFS will be added to the energy bill in his committee. It is expected that **Sens. Jim Talent (R-MO), Byron Dorgan (D-ND) and Tim Johnson (D-SD)** will offer an amendment establishing an RFS that reaches 8 billion gallons by 2012. The House-passed energy bill includes a 5 billion gallon RFS.

“The important thing is to have a robust RFS as part of the energy bill when it passes the full Senate,” stated **Renewable Fuels Association President Bob Dinneen**. “We will support that effort whether in the Energy Committee or on the Senate floor. There is a growing consensus to maximize the benefits of increased ethanol and biodiesel use.”

MINNESOTA ENACTS E20 REQUIREMENT

Minnesota Governor Tim Pawlenty recently signed into law a bill that will double the amount of ethanol in gasoline in Minnesota to 20% by 2013. Since 1997, Minnesota law has required all gasoline sold within the state to include 10% ethanol.

“This bill strengthens our rural economy, improves our air quality and reduces our unhealthy dependence on foreign oil,” Governor Pawlenty said. “It also puts our state at the leading edge of a very promising industry. We truly are on our way to becoming the Saudi Arabia of renewable fuels.”

Montana and Hawaii have also passed laws to require most of the gasoline sold in their state contains 10% ethanol.

Under the legislation, one of Gov. Pawlenty's highest priorities, the new E20 mandate would take effect in 2013 unless ethanol has already replaced 20 percent of the state's motor vehicle fuel by 2010.

“This legislation is a win for everybody,” **Minnesota Corn Growers Association President Gene Sandager** said. “By increasing demand for ethanol, local farmers now have a larger market for what they produce right here in Minnesota. That's good for the entire state.”

E85 AMENDMENTS MOVE FORWARD

Prior to final passage, the U.S. Senate adopted two amendments to the Surface Transportation Reauthorization bill that will provide tax credits for building E85 fueling stations and increase awareness of the ethanol-blended fuels through a labeling program on flexible fuel vehicles.

An amendment introduced by **Sen. Barack Obama (D-IL)** would provide a 50 percent tax credit for the cost of building an E85 vehicle refueling facility, up to \$30,000.

Sen. Obama stated: “This bill will give motorists another option at the pump and will send a clear message that the United States Senate is serious about reducing our country's dangerous dependence on imported oil.”

In a move that will stimulate demand for E85, the Senate also approved the **Ethanol Vehicle Awareness** amendment offered by **Sens. Richard Lugar (R-IN) and Mark Dayton (D-MN)**. This provision requires automakers to display a decal on the inside of the fuel tank door and a temporary sticker on the windshield or window to notify consumers they are purchasing a flexible fuel vehicle capable of using E85.

Sen. Dayton noted: “Obviously, anyone would jump at the chance to save 45 cents per gallon at every fill-up. Unfortunately, most of the people who already own one of the five million flex-fuel vehicles on the road are not aware that their vehicles are capable of running on E85.”

Sen. Lugar added: “The development of renewable fuels would help ensure national and economic security and gas price stability. With high oil prices, ethanol, biodiesel and fuels produced from biomass become increasingly important.”

RFA WELCOMES NEW MEMBER

The **Renewable Fuels Association** is pleased to welcome **Quad County Corn Processors** as a new producer member.

Quad County Corn Processors operates a 23 million gallon ethanol plant in Galva, Iowa.

Bush on Biofuels, cont'd.

“Like biodiesel, ethanol helps communities to meet clean air standards, farmers to find new markets for their products, and America to replace foreign crude oil with a renewable source grown right here in the nation's heartland. Together, ethanol and biodiesel present a tremendous opportunity to diversify our supply of fuel for cars and buses and trucks and heavy-duty vehicles...

“There's ways government can help. Congress needs to get me a bill that continues to help diversify away from crude oil. My administration supports a flexible, cost-effective renewable fuel standard. Its proposal would require fuel producers to include a certain percentage of ethanol and biodiesel in their fuel...”

RFA President Bob Dinneen stated: “President Bush continues to make a strong push for energy legislation that promotes ethanol and biodiesel and we applaud his efforts. Biofuels can diversify our motor fuel supply and reduce our dependence on foreign oil. Increasing ethanol use expands gasoline supplies and lowers prices for all consumers. With President Bush's help, we are confident a robust RFS will be included in the energy bill and signed into law.”

Virginia Corn Growers Association Executive Director Ellen Davis added: “From a Virginia standpoint we were thrilled to have the president come and talk about renewable fuels like ethanol and biodiesel. Renewable fuels have a tremendous impact on the agriculture economy and the economy at large. Having a comprehensive energy policy with an RFS will keep the farmers in business.”

President Bush added: “Biodiesel is one of our nation's most promising alternative fuel sources, and by developing biodiesel you're making this country less dependent on foreign oil...I appreciate the folks here at Virginia Biodiesel for showing me around. I love the innovative spirit of our entrepreneurs in this country. And the folks here have got incredible vision, and they're willing to take risks to innovate. What I think is interesting is that they have combined farming and modern science...”

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“President Bush has shown that he believes in biodiesel, and that he wants it to succeed,” said **National Biodiesel Board Chairman Darryl Brinkmann**. “We look to him now to do everything he can to encourage the extension of the federal biodiesel tax incentive and passage of the renewable fuels standard. That policy is needed to help this industry grow and put a significant dent in our imported barrels of petroleum.”

The President's complete speech may be found at: www.whitehouse.gov/news/releases/2005/05/print/20050516.html.

NEW HAMPSHIRE, MONTANA BAN MTBE

New Hampshire Governor John Lynch recently signed into law legislation prohibiting the use of MTBE in gasoline in New Hampshire beginning January 1, 2007.

“MTBE poses a serious risk to the health of our citizens and a danger to our water supplies here in New Hampshire. We must move as quickly as possible to remove it from our gasoline,” Gov. Lynch said. “My hope is that we will be able to beat the deadline set in this legislation.”

According to the state, nearly 200 public water supplies in New Hampshire, 16 percent of the total, have detectable levels of MTBE.

On the heels of signing a bill to require most of Montana's gasoline to be blended with ethanol, **Montana Governor Brian Schweitzer** signed into a law a bill that bans MTBE use in the state beginning January 1, 2006.

Currently, 21 states have laws banning MTBE. In addition, **Delaware, Mississippi, New Jersey, North Carolina, Pennsylvania, Rhode Island** and **Vermont** have MTBE ban bills at various stages of the legislative process.

ROOM BLOCK AVAILABLE FOR 2006 NATIONAL ETHANOL CONFERENCE

Hotel and reservation information for the **11th Annual National Ethanol Conference** to be held February 20-22, 2006 in Las Vegas, Nevada, can be found at: www.ethanolrfa.org/2006.shtml.

ETHANOL INDUSTRY EXPANSION CONTINUES

The growth of the ethanol industry continues at a rapid pace. Currently, 85 ethanol plants nationwide have the capacity to produce over 3.8 billion gallons annually. There are 17 ethanol plants and three major expansions under construction with a combined annual capacity of over 900 million gallons.

Pine Lake Corn Processors Begins Production

Pine Lake Corn Processors, LLC recently began production at its ethanol plant near Steamboat Rock, Iowa. The plant will process over 7 million bushels of corn into 20 million gallons of ethanol and 60,000 tons of distillers grains annually.

Monsanto Enviro-Chem Systems, of St. Louis, Missouri, was the general contractor. The plant was their first ethanol project. They incorporated a process design provided by **Delta-T Corp.** of Williamsburg, Virginia.

Larry Meints, president of Pine Lake Corn Processors, stated: “We are very pleased with the fact that the plant start-up went very smooth. The plant design is performing quite well. The operation staff was able to bring the capacity over 100% in less than two weeks. We are currently running over 110% and are gradually improving each week. We would like to recognize **James Broghammer**, general manager, **Andy Miller**, plant manger, and **Scott Dorow**, production manager, for their outstanding effort in hiring and training a fine group of operators, mechanics and lab techs. **Deb Nederhoff**, the Chief Financial Officer was also instrumental in hiring and training the office personnel and overseeing the grain receiving and grading. The overall operation is up and functioning well, even as the final touches on the plant are being done.”

Hawkeye Renewables Initiates Expansion, New Construction

Hawkeye Renewables, LLC recently began construction on its second ethanol plant in Iowa.

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The new plant, located near Fairbank, will process over 35 million bushels of corn into 100 million gallons of ethanol and 320,000 tons of distillers grains annually.

Fagen, Inc., the Granite Falls, Minnesota design-build contractor, is the general contractor and will incorporate a process design provided by **ICM, Inc.** of Colwich, Kansas. The two companies have also teamed up to expand the capacity of Hawkeye Renewables’ first plant, near Iowa Falls, to 95 million gallons per year.

“We’re excited about the expansion at Iowa Falls and the new construction in Fairbank,” says **Bruce Rastetter**, CEO of Hawkeye Renewables, LLC. “Both plants are in great locations. We’ve already started to see the positive economic impact in Iowa Falls. Likewise, the Fairbank’s plant will have an enormous beneficial impact on the local community and northeast Iowa economy in general.”

Sterling Ethanol Begins Construction in Colorado

Sterling Ethanol, LLC recently began construction on its ethanol plant near Sterling, Colorado. The plant will process over 15 million bushels of corn into 42 million gallons of ethanol annually. Sterling Ethanol also plans to capture 120,000 tons of CO₂ and 352,000 tons of wet distillers grains for use in local feedlots.

The plant’s general contractor is ICM, Inc. of Colwich, Kansas. ICM is also providing the process design. Plans call for a co-generation steam turbine to provide 60% of the plant’s electrical needs and for corn oil to be separated from the wet grains as an additional valuable co-product.

“This is a great fit for Sterling and Eastern Colorado. The plant will be a great asset to the local corn farmers and the cattle feeders in the area,” says **David Kramer**, general manager of Sterling Ethanol.

“The RFA congratulates these plants as they growth the ethanol industry in new and exciting ways,” said **RFA President Bob Dinneen**. “These farmer-owned plants will serve as economic engines for the surrounding economies – providing jobs, increasing incomes and lowering gasoline prices.”