

Blue Skyways Collaboration
Fuels Subcommittee
March 15, 2006
9:00 am – Pecan Room

Call-in Number: 866-299-3188
Code: 2146657367
PIN 2837

Conference Call Agenda

Welcome, introductions

Special introduction of new members – Sandra, Karen

Review of Action Items from last call

Tony – provide information on USDA loan programs
Rebecca – Renewing America initiative by EPA
Ernie – DOE interest in I-35 as an E-85 Corridor
Karen – possible biodiesel project in the ag. community

Quantification/measurability of air emissions reductions outcomes (See draft document attached.)

Does not have to be in tons per day

Format for the Report to the Taskforce

- I. Background material pulled together by the subcommittee
- II. The priorities discussed, listed in order of importance
- III. Projects or project types
- IV. Outputs
 - a. Number of projects, workshops, contacts made, etc.
 - b. Tons reduced (if it can be quantified at this time)

Summary, new action items

Date for next call

Adjourn

Blue Skyways Collaboration
Fuels Subcommittee
March 15, 2006

Attendees: Ernie Oakes, DOE; Rollin Sachs, Kansas City, KS; Betsy Betros, Johnson County, KS; Karen Flournoy, EPA Region 7; Sandra Rennie, Jim Yarbrough, EPA Region 6; Rebecca White, EPA OTAQ; Alex Painter, Gulf Hydrocarbon, Houston

Welcome, introductions

Review of Action Items from last call

I-35 as an E-85 Corridor. I-35 is the NAFTA Highway that runs from Winnipeg to Texas. DOE promotes coalitions for the use of alternate fuels along the highway. The coalition coordinators are losing funding for their positions, so the effectiveness of these coalitions remains in question. We could work around that potential problem by getting the names and addresses of the independent fuel station operators and approaching them directly by inviting them to meetings in their area. Could get the National Vehicle Coalition to come to the meetings. They have some funds for infrastructure conversions. Also DOE will have infrastructure grant funds available in April for E-85 although the funds will be for all alternative fuels. Jim Yarbrough mentioned that the Energy Efficiency Subcommittee is interested in powering E-85 stations with wind or solar energy.

Currently there are 4 billion gallons of ethanol being produced in the country. 43 new plants are planned in the next couple of years. There are already 6 million cars on the road that have the potential to eventually use ethanol-blended gasoline. The cost to convert a station for E-85 is in the \$5,000 – 25,000 range. Usually the mid-grade tank is the one converted. Ethanol blend is 48 cents/gallon less than mid-grade [I don't think I got this right] There are some federal tax incentives for using/buying renewables. Because the cost to convert infrastructure to E-85 is relatively low, SEP funds could be used.

Renewing America initiative by EPA. EPA is lining up industry partners to address the renewable fuel mandate. They are in discussions with major refiners and vehicle manufacturers. GM is an obvious partner. EPA's SmartWay program is turning its attention to light duty fleet vehicles for the renewables initiative. Renewing America will have a launch event sometime in April, most likely in the Midwest. Region 7's Administrator has been contacted. The initiative will encompass both E-85 and biodiesel. Although the initiative was focusing on B-5, it was pointed out that B-5 is not usually available and that engine manufacturers will accept B-20 for warranty purposes (except Chrysler). We need to explore the whole biodiesel topic further.

Possible biodiesel project in the ag. community. She has contacted Tom Verry with the Biodiesel Board. He and others are interested in our activities. Illinois has excellent incentive for using biodiesel. Some states like South Dakota mandate 2%

biodiesel. EPA's National Clean Diesel Campaign has an ag. subgroup. We should also be working with the West Coast Collaboration on biodiesel issues.

Information on USDA loan programs. This item will be taken up on the next call.

Quantification/measurability of air emissions reductions outcomes. See the draft document attached that fits the following format for the Report to the Taskforce.

- I. Background material pulled together by the subcommittee
- II. The priorities discussed, listed in order of importance
- III. Projects or project types
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 - b. Tons reduced (if it can be quantified at this time)

Summary, new action items

Hear information on the USDA Rural Development loan programs. – Tony Ashby
Continue discussion on a plan to do outreach in all nine states by the end of the year. – All + David McQuiddy
Get an update on the Renewing America launch event. – Rebecca White
Continue discussion on options for a biodiesel demonstration project. – Karen Flournoy + All

Date for next call – week of March 27.

Adjourn

Attachment

**Blue Skyways Collaboration
Fuels Subcommittee**

Report to the Task Force: Priorities and Air Quality Goals
March 17, 2006

Background

The goal of the Fuels Subcommittee of the Blue Skyways Collaborative (BSC) is to facilitate timely implementation of alternative fuels programs in the nine-State Central States Air Resources Agencies (CenSARA) region, plus Canada and Mexico. Programs are focused on reducing diesel emissions as well as expanding the use of renewable fuels along the I-35 corridor for both light and heavy duty vehicles and equipment.

To prepare this report, the Subcommittee held conference calls on March 6 and March 15. Background material from these calls and results from the Subcommittee discussions are included in the Appendix, along with the names of Subcommittee members.

Identified priority projects and project types

The Subcommittee endorsed the following project types on which to focus for the first year of the Collaborative:

1) E-85 Expansion into the National Fuel Supply

Long Term Goal – Use I-35 as a demonstration project for E-85 implementation.

Measurable goals –

Reduced volatility leads to reduced VOC emissions; 20% reduction in Greenhouse Gases linked to use of E-85.

Recruit members from the pipeline, fuel producer, and vehicle manufacturing industries.

Number of gallons of E-85 sold.

2) Information Sharing

Long-Term Goal – Provide outreach to communities in the nine states to promote renewable fuels projects.

Measurable goals –

Keep records of all subcommittee calls and materials.

Maintain a list of all contacts made, presentations given and estimated attendance numbers.

Partner with EPA's E-85 initiative Renewing America initiative. (completed)

3) Biodiesel Demonstration Project in the Ag Community

Long Term Goal – Promote biodiesel use to the states.

Measurable goals –

Biodiesel use will reduce Hydrocarbons by 20-67%; Particulates by 12-47%, and Toxics by 13-90%.

Proposed measures of success

The Subcommittee has identified three basic measures of success over the long-term. These include: (1) tons per year of pollutants that are reduced or avoided as a result of sponsored projects (2) amount of funds leveraged for projects championed by the Subcommittee and (3) number of outreach activities and contacts made to promote the programs.

In the short-term, the Subcommittee works to initiate projects. Short-term goals for each priority are:

1) Recruit the right people for participation on the committee.

Identify incentives that major fuel companies need to offer E-85 at their stations.
Partner with EPA's Renewing America initiative for E-85. (completed)
Research DOE's potential for implementing E-85 along the I-35 corridor.
2) Hold at least one outreach event in each of the nine states by the end of this year.
Participate in meetings of the On-Road, Non-Road, and Air/Water/Rail Subcommittees.
Share Fuels Subcommittee meeting notes and materials with other Subcommittee leaders.
3) Identify and initiate a biodiesel demonstration in coordination with the Non-Road Subcommittee.

Potential funding mechanisms

Potential funding mechanisms for each of the priority projects are listed below. Other funding mechanisms will be pursued as they are identified.

- 1) DOE will provide potentially \$200,000 - \$250,000 in grant funds for infrastructure projects for alternative fuels.
DOE will also provide \$160 million for biorefinery construction. (ethanol plants)
- 2) Funding for Information sharing will come from the Blue Skyways IPA travel fund, and from EPA Region's 6 and 7 as budgets allow.
- 3) Funding for a demonstration project TBD.

Report to the Task Force: Priorities and Air Quality Goals

Information Sharing

Short Term Successes –

Participate in meetings of the On-Road, Non-Road, and Air/Water/Rail Subcommittees.

Share Fuels Subcommittee meeting notes and materials with other Subcommittee leaders.

Measurable goals – keep records of all subcommittee calls and materials

E-85 Expansion into the National Fuel Supply

Long Term Goal – Use I-35 as a demonstration project for E-85 implementation.

Short Term Successes -

Recruit the right people for participation.

Identify incentives that major fuel companies need to offer E-85 at their stations.

Partner with EPA's Renewing America initiative for E-85 and biodiesel.

Research DOE's potential for implementing E-85 along the I-35 corridor.

Measurable goals –

Reduced volatility leads to reduced VOC emissions \

20% reduction in Greenhouse Gases / need some numbers?

Recruit members from the pipeline, fuel producer, and vehicle manufacturing industries

Fuels Subcommittee has made initial contact with EPA E-85 initiative

DOE's support will provide _____.

Biodiesel Demonstration Project in the Ag Community

Long Term Goal -

Short Term Successes –

Work this in coordination with the Non-Road Subcommittee.

Measurable goals –

Biodiesel use will reduce Hydrocarbons by 20-67%; Particulates by 12-47%, and Toxics by 13-90%.