Texas Ag Forum
February 23, 2007

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What Is Biodiesel?

- Alternative diesel fuel derived from vegetable oils / or animal fats.
- Soybean oil is the most common feedstock today.
- Made from renewable sources.
- Quality defined by nationally recognized ASTM specifications. (ASTM D 6751).
What Is Biodiesel?

- Chemical name is methyl ester, also can be ethyl ester
- Very similar to diesel molecule, but with Oxygen attached
- Derived from triglycerides
- Feedstock oil is chemically processed into biodiesel (transesterification)
- Biodiesel is NOT simply vegetable oil
Benefits

• Reduced emissions
  – Biodiesel is very effective at reducing Co2 and PM as well as other regulated emissions
  – 78% CO2 reduction compared to petroleum

• Positive economics
  – More of the fuel dollar stays in Texas and in the USA
Markets

- Transportation
  - Fleets / Retail
- Off Road
  - Marine
  - Agriculture
  - Construction
- Industrial
  - Heating Oil
  - Power Generation
- Military
B10diesel:

- The **Spirit** of People
- The **Spirit** of Agriculture
- The **Spirit** of Texas A&M
About Austin Biofuels

- We started off as a biodiesel processing club in 2000.
- Opened Texas’ first retail biodiesel station in 2003 and became regional distributor.
- We have partnered with major regional petroleum distributors to bring blended fuel, such as B5, B20, B99 and B100 to market in Central Texas.
- We have facilitated the highest concentration of biodiesel availability in the USA with 20 B20 locations and two B99 outlets in Austin, Texas. We also have 6 B10 locations in San Antonio, Texas.
- In December 2006 ABF joined Safe Renewables Corp to create a Texas based integrated biodiesel company.
About Safe Renewables Corp

• Safe Renewables Corp has 20 mm gallon per year production in Conroe, Texas.
• Expanding to 40 mm gallons in 2007.
• Currently 60% of feedstock comes from Texas.
Distribution

- Markets and Logistics don’t develop themselves.
  - Blending racks and Terminals for distribution to markets.
  - Jobbers, distributors and retailers need to be trained in biodiesel handling, blending and accounting.
Pitfalls

- ASTM D6751.
  - It’s not biodiesel unless it is certified ASTM D6751.

- Cold Flow / Feedstock.
  - Different feedstocks have different CFPP.
  - New feedstocks without established history.

- Quality Control.
  - Know your Certificate of Analysis.
  - Follow appropriate handling procedures.

- ULSD.
  - ULSD problems can get blamed on biodiesel. Keep good records!
Current Government Incentives

• Texas Producers Incentive. Net .168 per gallon. Federal .10 per gallon Small Producers Credit

• Federal Excise Tax Credit for blending biodiesel .50 – 1.00 per gallon

• Federal Income Tax Credit for using B100 .50 – 1.00 per gallon
Current Government Incentives

• Up to $30K Tax Credit for distribution infrastructure development per site
• Texas is state tax exempt for Ethanol & Biodiesel
• Recently passed Renewable Fuel Standard, mandating 7.5 Billion gallons of renewables by 2012
Challenges

• Tx LED.
  – Threatens to force additives on our industry.
  – Intimidates customers and inhibits markets.
  – Increases cost of biodiesel.
  – BCOT needs your support!

• Imported Biodiesel.
  – Cheaper biodiesel may meet ASTM, but may not be seasonally appropriate.
  – Imported biodiesel benefits from government credits.
Industry Challenges

- 105 Plants in US Today.
- 864 mm gallon production capacity.
- 130+ mm gallon capacity in Texas alone.
Ag commodities are critical to the industry!
Current Feedstock Options

- Soybean
- Imported Palm
- Tallow / Rendered Oil
- Cottonseed
- Canola

Most of our ingredients are from out of state!
Other Feedstocks

- Sunflower
- Mustard
- Flax seed
- Safflower
- Jatropha
- Algae
Future Feedstocks for Texas?

Algae
Feedstock of the Future?

- Functions like billions of tiny photosynthetic processing cells
- Turns Sunlight, Water & CO2 into plant matter
- Can be up to 50% fat by weight

Algae grows best in hot desert climate • No displacement of cropland
Action Plan

• Identify feedstock assets.
• Locate efficiencies that exist today and develop those first.
• Identify and develop energy feedstock.
• Create Texas energy from seed to nozzle.
Associations

• Biodiesel Coalition of Texas
• Clean Energy Incubator Company
• TREIA Members
• Central Texas Clean Cities
• Clean Air Partners
Future of Biodiesel

• Higher petroleum prices, coupled with tax incentives make biofuels a reality.

• 7.6 billion gallon market in Texas. 5% market share is 380 mmy.
Great Opportunities

• But not without challenges!
• Texas needs 200mm+ gallons per year of feedstock.
• Huge demand for energy crops that don’t compete with food. New markets for Ag products.
• Create a win/win by dealing directly with markets.
Thank You

Questions?

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