

April 2008**Clearing the Air with Biodiesel 1***Point of View:***Charles Cross from United Oil Company 1****Farm Bureau Supports Biodiesel Bills 2****Legislative Update 2****Clearing the Air with Biodiesel**

Pennsylvania biodiesel fuel can reduce the levels of harmful diesel emissions and can help clear the air in our state. Similarly, the Pennsylvania Biodiesel Producers Group would like to help 'clear the air' and clarify key facts regarding the Commonwealth's need for a biodiesel production incentive.

The PABPG is a trade organization formed to serve as the unified voice of advocacy on behalf of in-state biodiesel producers across the Commonwealth of Pennsylvania. The organization includes multiple biodiesel producers from Pittsburgh to Middletown and from White Deer to the Capital Region.

The PABPG stands for biodiesel quality and supports necessary legislation that will assist the biodiesel production industry to sell competitively in the open market. The industry asks for a **biodiesel production incentive set at 75 cents per gallon that will benefit all Pennsylvania producers**. An incentive lower than 75 cents will not be enough to sustain the industry. This must also be a **non pro-rata solution** so that all Pennsylvania producers will be fairly supported. Each producer would receive a maximum of \$1.5 million per year with the asked incentive. A pro-rata incentive would likely benefit only one company, whereas the PABPG supports legislation that will benefit the entire biodiesel production industry.

Currently, Pennsylvania producers are struggling to sell their biodiesel fuel because producers outside the Commonwealth have in-state production incentives and are able to sell their fuel for a lower cost per gallon. Right now you can purchase biodiesel fuel in Pennsylvania that was produced by an out-of-state company for a lower cost per gallon than biodiesel produced here in the Commonwealth.

The PABPG asks for an in-state biodiesel production incentive of at least 75 cents per gallon and is **supported by the PA Farm Bureau**. This solution is **free-market friendly** and supports **in-state consumption of Pennsylvania crops, in-state energy independence, and new in-state jobs** the industry will create. A production incentive will give the industry the spark it needs to compete with other states and continue producing biodiesel for Pennsylvania.



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This newsletter is created and distributed by the Pennsylvania Biodiesel Producers Group.

Point of View: Charles Cross, President of United Oil Company

Biodiesel producer and member of the PABPG, Charles Cross, gives his point of view on the current status of the biodiesel industry in Pennsylvania.

Q: Is the biodiesel industry a competitive market?

A: The fuel industry is very competitive. Biodiesel is the new kid on the block in a well established infrastructure. It becomes exceptionally difficult to be competitive when you lose potential sales to subsidized out-of-state marketers.



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Q: Do customers prefer to purchase and use biodiesel fuel over regular petroleum?

A: Customers who chose to utilize biodiesel are typically more knowledgeable and progressive. We have spent a lot of time, money, and effort toward leading and informing fleet managers, fuel distributors and the general public about biodiesel. Once a customer becomes accustomed to biodiesel and realizes its advantages, they most often stay with it.

Q: Why should members of our legislature support a biodiesel production incentive?

A: The competitive playing field must be leveled between us and subsidized out-of-state producers. In 2007, about 8 million gallons of biodiesel was imported into Pennsylvania. Just 10% percent of those gallons added to my sales would have allowed me to be profitable. Right now Pennsylvania biodiesel producers are competitively penalized twice; first by the out-of-state subsidies and second, by the extra distribution cost for biodiesel as a new fuel. Passage of appropriately written Pennsylvania legislation would level these barriers.

United Oil Company
Pittsburgh, PA 15233

Production Capacity: **450,000 gallons per month, expandable to 3,300,000 gallons per month**
Type of Renewable Sources used in Biodiesel Production: **Animal Fats & Vegetable Oils**

PA Farm Bureau Supports Biodiesel Bills

On April 2nd, 2008 the Pennsylvania Farm Bureau held a press conference to urge the legislature to pass bills that assist biodiesel producers. Specifically, the Farm Bureau supports the 75 cents per gallon, non pro-rata production incentive. Only this approach will ensure that producers and farmers are able to mutually support each other. The Farm Bureau also believes that swift action by the General Assembly is essential. Farm Bureau officials pointed out that renewable fuels not only benefit farmers by helping to off-set rising energy costs on farms, but they also benefit all other consumers. "Renewable fuels can reduce our dependence on foreign oil, boost our economy and protect our environment," said Carl Shaffer, President of the Farm Bureau.

"Pennsylvania should be a renewable fuels leader among states," he added. "State lawmakers also need to take immediate action to prevent the collapse of our new biodiesel industry." The Farm Bureau is the state's largest farm organization with a volunteer membership of more than 42,500 farm and rural families, representing farms of every size and commodity across Pennsylvania.



Legislative Update:

In December, the Senate, led by Senators John Gordner (R- Snyder) and Wayne Fontana (D-Allegheny), passed legislation by a 41-8 bi-partisan vote that would dedicate \$5 million per year out of the Alternative Fuel Incentive Grant Program (AFIG) to biodiesel producers through a 75 cent per gallon incentive. By utilizing the already existing AFIG program, which is currently carrying a surplus balance, we can help achieve energy independence without impacting current new tax revenues or creating new ones. A bi-partisan coalition of House members have co-sponsored similar pieces of legislation introduced by Rep. Dave Kessler(D-Berks) and Rep. Russ Fairchild (R-Union).

Please Support our Commonwealth's Biodiesel Production Industry. For more information please visit www.PABPG.org.