



Biodiesel QA/QC, Blenders Credit, Supply, and Pricing: The quality and cash overview

September 26, 2005

**Joe Mead
World Energy Alternatives, LLC
CT Biodiesel Workshop**

World Energy's Background

- In 2004 World Energy completed its first decade of leadership in the US biodiesel industry
- Largest Provider of Biodiesel in US
- Exporter to Europe
- Strategic Relationship with Gulf Oil
- Producer, Supplier, Blender
- Engaged in sales/marketing AND technical, regulatory and legislative work

Biodiesel Alphabet Soup

- Building Blocks (Feedstocks)- S, R, C, M, T, P, YG
- ASTM D6751
- BQ 9000
- B20 and other B's
- Agri Biodiesel or Just Biodiesel
- ASTM 975, 10th Percentile Minimum Temperatures
- Next Generation ASTM D6751

- BQ-9000 is a quality systems program that includes storage, sampling, testing, blending, shipping, distribution, and fuel management practices
- Accredited Producer- An entity engaged in the business of the distribution and sale of biodiesel and/or biodiesel blends of B2 or greater that has successfully met the accreditation criteria is awarded the status of Accredited Producer
- Certified Marketer- A biodiesel marketer that successfully meets the accreditation criteria is awarded the status of Certified Marketer
- Need delivery from Certified Marketer to ensure quality
- Many quality problems occur after the product has left the plant

Beyond ASTM D6751

Property	Limits	Units
Methanol	0.20	max%
MassMoisture by K.F	0.05	max%
MassContent of Na+K	5	max mg/kg
Content of Ca+Mg	5	max mg/kg

These standards or some alternative version are under consideration to supplement D6751.

World Energy supplies to these already.

Blenders Credit

- \$1/gallon incentive for agri-biodiesel
 - Agri = first use oils: soy, palm, rapeseed, animal fats (poultry/tallow)
- \$.50/gallon incentive for non-agri biodiesel
 - Waste oil / McDonalds etc.



Blenders Credit

- Applies to the blender of record
 - Must own both materials at same time
 - Splash blending
 - Injection Blending
- Files with the IRS
 - CoA
 - CoB
 - 637M
- Filing and payback
 - File monthly or quarterly
 - Paid 45 days from filing
 - We love the IRS

Blenders Credit

- Producers Certificate
 - Comes from production facility
 - Individually numbered
 - Batch must be finished before file for credit
 - Paperwork nightmare
- B99
 - Push upstream
 - Legal blend is anything > .01% diesel in biodiesel
 - Taxable fuel
 - Dye complications

Regional Production

- Supply Demands
 - IL market 130mmg
 - MN B2 mandate
 - Logistics
 - Feedstock close/available
 - Rail access
 - Water access
 - Technology
- Batch Producers
 - BQ 9000
 - Certifications
 - Ratable supply
 - Pricing
 - Distribution

- OPIS
 - Use pricing index for bids
 - Just entered biodiesel market
- Terminals
 - Standard practices with diesel and heating oil
- Bulk
 - Price breaks with large quantity B99 or B100
- Diesel
 - Picture worth 1000 words
 - TX, CA, and IL

Weekly U.S Retail On-Highway Diesel Prices



Source: Energy Information Administration



World Energy Alternatives, LLC

Joseph Mead
World Energy Alternatives, LLC
Corporate Headquarters
90 Everett Avenue
Chelsea, MA 02150
Joem@worldenergy.net
Tel 617.889.7305
Fax 617.887.2411