

## **Lane Clean Diesel Project Notes – 2<sup>nd</sup> meeting October 19, 2004**

Attendees: Mike Wolf, DEQ; Kevin Downing, DEQ; Jim Carlson, City of Eugene; Justin Klure, OR Dept of Energy; Shannon Cantrell, Marshall's Inc.; Bill Miller, Marshall's Inc.; Mike Troxel, Cummins NW; Deborrah Brewer, EWEB; Steve Newcomb, EWEB; Jack Roberts, Lane Metro Partnerships; Drew Johnson, LRAPA; Sharon Banks, LRAPA; David Monk, Oregon Toxics Alliance; Jan Anderson, Eugene School District 4J; Ken Sheffler, Eugene School District 4J; Van Criddle, Laidlaw Education Services; Mel Chaput, ODOT; Rusty Rexus, Rexus; Phillip Guyette, Lane County; Dale Wendt, Lane County; Josh Proudfoot, Good Company; Garry Likens, Jerry Brown Co.; Tim Reed, Tyree Oil; Ron Berkshire, Lane Transit District; Ron Tyree, Tyree Oil; William Kasper, University of Oregon; Brent Searle, OR Dept of Agriculture; Ian Hill, SeSequential Biofuels; Ken Liedtke, OR Dept of Administrative Services; Scott Dybvad, Good Company.

Welcome and Introductions – Jack Roberts

Review of last meeting – Josh Proudfoot

Why ULSD – Kevin Downing

- Burn cleaner fuel and burn fuel cleaner
- Filters are 95% effective at eliminating particulates and hydrocarbon emissions
- Global warming factors – science is still evolving, but black carbon or carbon soot that comes out of diesel engines is one of the biggest factors in global warming.
- Low sulfur diesel is the most cost effective method for reducing particulate matter and toxics from diesel engines
- Low sulfur content prevents corrosion of engine parts reducing wear  
ULSD requires no engine modifications
- Onroad diesel to drop from 500ppm sulfur to 15ppm in mid-2006. Offroad will drop from 5000ppm to 500 in 2007 then 15ppm in 2010
- Long term, diesel HEVs compare favorably to other best options on a BTU per mile scale.
- For more information see  
[www.conocophillips.com/products/ultralowsulfur/ulsd.asp](http://www.conocophillips.com/products/ultralowsulfur/ulsd.asp) or  
[ecdiesel.com/about/product.asp](http://ecdiesel.com/about/product.asp)

What about biodiesel? Brent Searle

- Handout “Bio-Diesel in Oregon”
- Department sees the development of biodiesel as an economic development issue
- Rape seed and mustard seed are the main crops
- There is no biodiesel manufacturing within the region

- Factors inhibiting the industry
  - Lack of infrastructure – no crushing or processing facilities
  - Siting and permitting have NIMBY problems
  - Lack of consumer awareness
  - Limited financial resources
- Current efforts – at least 6 efforts currently underway to develop processing with about half being smaller projects that would begin with yellow waste grease.
- What will it take
  - Federal fuel tax exemption (pending President's signature) – 1¢ per percentage content of biodiesel. Two year window (12/31/04-12/31/06). It's a blenders credit, which would be passed on to the customer.
  - Sufficient demand – through either blending requirements, purchase commitments, demand
  - Price incentives for farmers to produce the seed crops
- Oregon has about 1 gallon of waste oil per resident, a limited supply.

#### Declaration of Cooperation

- Not a legally binding agreement, but signers are publicly accountable
- People should expect to have an organizational commitment that they will sign at the next meeting

#### Catalyst issues – Sharon Banks

- Catalysts
  - Formulated to increase the rate and completeness of fuel combustion
  - Increase horsepower
  - Reduce emissions
  - Improve performance
- Average improvement in efficiency using Platinum Plus is 8%
- Warranty – if engine damage or failure is directly attributable to the catalyst will be repaired or replaced.
- Clean Diesel Technologies will be in Eugene next week, hosted by LRAPA. Sign up sheet is at today's meeting.
- Catalyst reduces diesel particulate emissions by about 10%
- Toyota Corp will donate \$750,000 per school district to install diesel particulate filters.

#### Volume and pricing discussion

- Current pricing – ULSD is about 15¢ more per gallon and moves with the price of diesel (4¢ per gallon more in Tacoma (where the pipeline ends) and 11¢ for transportation). If we get the demand here (in Lane County), what's the ultimate price for consumers here – about 14¢ per gallon (but that's variable with load size etc.). The coming tax break on bio-diesel makes it a much better deal than before.

- Conoco will not be providing storage for ULSD in the Portland area before the mandate. There is another refiner who will be up and running with ULSD in 12/2005 and have supply in Portland at about the same price differential as in Tacoma.
- LRAPA has a grant for fleets (5¢ per gallon) (mostly for public orgs but potentially for private too). There is also a grant for school districts (5¢ per gallon).
- Next major focus for LRAPA will be private fleets with their own storage.
- West Coast Diesel Emissions Collaborative – trying to focus energies at the federal level to look for monies for diesel projects in the west coast states. One of LCDP's goals could be to develop projects that demonstrate interest when the money comes available. Chicken and egg problem.
- Need to know if Platinum Plus' claims are valid. Product will be here and testing will begin next week. The crowd wants to see it to believe it. Fleet tests by the producer were done on the east coast. Testing will take a varying amount of time, but a minimum of 4 weeks. Jerry Brown will test it on their fleet. 4J School District would like 60 days to test. Tyree doesn't see anything in the product that concerns them about engine damage. Testers must have solid 'before' data in order to conduct quality tests.
- Cost guessing
  - Ultra low +14¢
  - Load size -2¢
  - Subsidy ?¢
  - Platinum Plus +6¢ -11¢
  - Tax deductions -?¢
  - B20 (1/05) +5¢
  - Grants -5¢ (available for some organizations but not all)
- Could institutional buyers include clauses that incent the use of ULSD? U of O – yes, City of Eugene – unsure.
- There is sufficient supply of biodiesel, and ability to ramp up nationwide, that when the tax break takes effect there shouldn't be a problem.
- Would school districts and other public entities be willing to sell fuel to ODOT? They currently pump at card lots where the mix may not be available. City of Eugene would do it and it sounds like there are other fueling stations available as well.
- Ian Hill will send a spreadsheet around to help calculate costs
- Some groups exist that will purchase ULSD tomorrow without other incentives. 542,000 gallons of annual demand already spoken for in the area.
- Volume commitments and a point above which you can't commit. Be careful with this, there are many variables. For example, differing recipes for fuel mix – b20 + ULSD at x price.
- PR strategies – how can your group participate in PR/branding

Next meeting – January 11<sup>th</sup>, 2005 8:30-11:30