Biomass Fuels – Current Availability

Curt Wright – January 5, 2007

The following charts show availability of biomass fuels at existing petroleum product distribution facilities. I have also included a list of E85 retail locations that are either in operation or currently being built.

Bio Fuels Availability in Kansas as of 1/3/2007

Terminal	Number of Loading Bays	E10 Available	Number of Bays E10 Available	E85 Available	Biodiesel Available	
Kansas City-Magellan	5	Yes	5	Yes		
Kansas City-Sinclair	3	Yes	2			
Kansas City-ConocoPhillips	5	Yes	4			
Olathe-Magellan	2	Yes	2			
Topeka-Magellan	2	Yes	2	Yes		
Coffeyville-Coffeyville Resources	3	Yes	3	Yes		
El Dorado - Frontier	2	Yes	1			
Wichita North-ConocoPhillips	4	No	0			
Wichita South-ConocoPhillips	3	No	0			
Valley Center-Magellan	2	Yes	1			
Hutchinson-Valero	2	No	0			E10 Planned 2007
McPherson-NCRA	3	Yes	2		Yes-B2	
Great Bend-Magellan	2	No	0			
Scott City-Magellan	3	No	0			
Salina-Valero	3	Yes	1			
Concordia-Valero	2	No	0			E10 Planned 2007
Wathena-Magellan	2	No	0			
Total	48		23			

Ethanol Availability, Yellow Flags – E10 available, Blue Flags – E10 is not available

Biomass Fuels – Infrastructure Concerns

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The following information was gathered through conversations with retailers, distributors, carriers, terminal and refinery operators and oil company suppliers. The next two pages are a summary of concerns about biomass fuels from more than 30 people who work everyday in the industry. I have separated these issues into distribution concerns and retail concerns. I asked the following questions:

1. What factors are affecting the availability of ethanol or biodiesel at your facility or from your company?

2. What if anything can the State of Kansas do to help you improve the availability of ethanol or biodiesel from your facility or from your company?

3. How would your business be affected by increased demand for ethanol or biodiesel?

Distribution - Concerns

1. Ethanol storage tank sizes at terminals are not very big. One terminal has had problems with permitting process for a larger ethanol tank in Wyandotte County due to tank emissions. Smaller storage tanks lead to frequent outages. As an example, according to marketers, Topeka is generally out of ethanol by 3:00 pm. Outages happen even more frequently when E10 price is lower than regular gasoline.

2. Adding a product to a rack is very expensive. Changing biodiesel blends at McPherson may cost between $350,000 and $500,000.

3. Increased ethanol usage will increase congestion at loading racks. Most Kansas terminals receive ethanol through the loading rack, by truck. Increased use of E10 or E85 will increase waiting time for drivers at terminals, which increases the cost of delivery for all products. Should E85 become more prevalent, ethanol unloading facilities will need to be added at existing terminals or gasoline loading facilities added to ethanol plants.

4. Several suppliers mentioned infrastructure support would help, but one mentioned it may not be necessary because federal programs and requirements will be a driving force. Support programs would help in areas of lower demand where cost recovery is much longer.

5. If or when developing incentives, be careful that the language does not hinder technological advances such as biobutanol or "renewable diesel" or whatever else may be developed in future.

6. Promote biodiesel or ethanol plants being built near existing terminals allowing splash blending to be used more effectively.

7. In a business that is so competitive that a bid is won or lost by as little as five hundredths of a cent per gallon, any delay at all in loading may cause a distributor to lose money on the bid. In many cases you can't afford to make 2 stops to load products. The cost of a driver waiting one hour to load is about two tenths of a cent per gallon. For deliveries that do not require bids, this additional cost has to be passed on to the end user.

8. Ethanol and biodiesel compete with core competency products. It is difficult for some companies to devote the resources to a product that competes with what they do best. Why would they not devote those same resources to doing a better job with their current products?

Retail - Concerns

1. Demand for E85. There are not enough vehicles using the product, and currently the cost per mile for the consumer is much greater than regular unleaded gasoline. The cost to add an E85 pump and tank to an existing location may be between 20 and 50 thousand dollars. With limited demand it is difficult to recover your investment and even more difficult to justify to a banker for a loan. This past year Iowa passed legislation to provide up to 3 million dollars in incentives for retailers to add E85. Approximately 15 locations out of a couple thousand took advantage.

2. Biodiesel would require very little, if any, changes to the retail infrastructure. If the price is right, as it was this past summer, many retailers would use a blended product. However, it needs to be available through existing facilities because of the transportation issues that have been discussed under the distribution issues.