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Biofuels and Texas

- **What are Biofuels?** Domestically produced, alternative liquid fuels that are manufactured from vegetable-based biomass are called biofuels. The most common examples are ethanol and biodiesel. Ethanol is a gasoline substitute and biodiesel is a diesel substitute. Because they are renewable fuel resources, biofuels offer end-users an alternative to petroleum-based fuels and reduce dependence on foreign energy sources.
- **Environmental Advantages** – E85, which is a common blend of ethanol fuel, has the highest oxygen content of any fuel, thus making it a cleaner burning fuel. Biodiesel, in straight or blended form, significantly reduces particulate matter, volatile organic hydrocarbon, sulfur dioxide, and carbon monoxide emissions from diesel vehicles. 100% biodiesel is non-toxic and biodegradable.
- **Economic Development Opportunities** – Biofuel plants, or "biorefineries" as some call them, offer viable regional and local economic development projects. For example, the City of Denton, an award-winning municipality and recognized National Leader in the alternative fuels industry, operates a biodiesel plant that is fueled on environmentally beneficial landfill gas, which is collected from the local municipal solid waste landfill. The City is in partnership with a private company, and uses the biodiesel to fuel their diesel vehicle fleet. Fuel that is not used, is sold commercially to other end-users. As the biofuel industry matures, additional economic development may result from locally grown feedstock and biofuel cooperatives.
- **Advantages for End-Users** – Biofuels can be adapted for use in existing equipment and vehicles. Such is especially true for biodiesel, which has similar payload capacity, range, horsepower, torque and fuel economy as conventional diesel. Biofuels may be used in a variety of ways in the public works sector, such as at solid waste disposal collection and disposal facilities, at wastewater treatment plants that have on-site diesel equipment; and in marine applications. Federal tax incentives and state incentive programs also provide opportunities for end-users to save money with befouling strategies, and in certain applications, such as with the biodiesel or ethanol fuel credit, it is possible for end-users to generate business tax credits by using biofuels.
- **Immediate Need for Legislative Action** - In 2003, the 78th Legislature created the biodiesel and ethanol production incentive program, which allows qualified producers to receive a 20 cent per gallon payment (which is a net 16.8 cent payment given a 3.2 cent pay-in). The LAR for the Texas Department of Agriculture lists a \$85 million exceptional item that, unless funded through the appropriations process, will leave un-funded the production incentive program.