

AGENDA

for the November 2005 Meetings of the Partners and Stakeholders of the EAST TENNESSEE CLEAN FUELS COALITION

CHATTANOOGA – 14th Meeting

When: 11am – 1pm, Friday, November 4, 2005

Where: CARTA Conference Room, just across from the Chattanooga Choo-Choo

Lunch: Eating at a group-chosen location after the meeting

KNOXVILLE – 42nd Meeting

When: 11am – 1pm, Thursday, November 10, 2005

Where: Copper Cellar in downtown Knoxville on Cumberland Avenue, downstairs in the banquet room

Lunch: Ordering from their mini-menu of 4 items

Board Meeting Today - The board of directors will meet from 9:30-10:30am at the Copper Cellar. BYO coffee or tea!

1. Meeting time today will consist of
 - ▶ 45 minutes of information on recent and future coalition events and issues,
 - ▶ 45 minutes of information from partners on their projects and proposals, and
 - ▶ 30 minutes for a Run for Clean Air discussion (Knoxville meeting).

Handouts (H) & Pass-arounds (PA):

H - “New oil refineries unlikely” AP article; ATA biodiesel article; NAFTA articles: “CA Passes Alt Fuels Legislation” & “Proposed Bill Pushes Hybrid Vehicles, Alt Fuels Use”; Maryville biodiesel article and letter; Knox County No-Idling policy article; European diesel registrations and sulfur specifications graphs;

PA - Two Farm Bureau publications *TN Farm & Home* and *TN Farm Bureau News*; PERC/U.S. DOE propane grant info; membership forms; Alt Fuels Index pub.;

2. Mission statement and our primary goals:

Mission statement: *The mission of the ETCFC is to simultaneously*

1) get alternative fuels in use across all of East Tennessee and 2) improve air quality in the region.

Coalition goals: 1) Work to implement alt fuel projects in East TN and 2) work to make the ETCFC a sustainable coalition of involved participants from across East TN (“involved participants” defined as those who contribute to the coalition fiscally, attend meetings and participate in projects).

2005 and 2006 biodiesel goals for the coalition:

- Consume 500,000 gallons B100 equivalent in East Tennessee in 2005 (revised from 1,000,000).
- Have biodiesel in use in all 33 counties in East Tennessee by the end of 2006.

3. **Introductions** around the room – name and business/affiliation

4. **Important discussion point for today – Membership Dues**

2005 membership dues received:

- ▶ \$4,000+: EERC, ORNL, Sevier Transportation Board
- ▶ \$2,000: KUB, Eastman, Dream Works (in-kind), AAA of East Tennessee (in-kind)
- ▶ \$1,000: TVA, Koyo Steering Systems, KAT
- ▶ \$500: Hallsdale-Powell Utility Dist., Benton Oil
- ▶ \$200: Advanced Catalyst, Whedbee Insurance, Underwater Critters, Sweetwater Valley Oil, RBM Company, Metro. Knoxville Airport Authority
- ▶ \$25: Andy Andrews, Mike Whedbee, Knox. CAC, Michael Reynolds, Ted Buel (\$50), 2005 ET/SWV Engineer’s Week Committee (\$100), Barry Greenberg, Appalachian RC&D Council, Wade Davies, Janice Kasten, Jack Goodwin, Glenn Gray, Jeff Ailey, Jim Fugate, Global Respiratory, **Jack Shetterly, Joel Terry**

*Total raised in 2005 from regular memberships and RfCA sponsorships: **\$22,981***
(+ \$11,000 more with additional EERC funding assistance! -- \$33,981)

Run for Clean Air partners:

Fiscal contributors – Alcoa, Inc.; Knox County; St. Mary's Health System; EERC; EZ Stop; Underwater Critters

In-kind contributors – WBIR; WOKI; Camel Custom Canvas; Joe Shirt; Metro Pulse

Other potential partners: U.S. Biofuels, Blue Sky Biodiesel, CARTA, SCUD, McNutt Oil, ATTI, Blount County community, City of Chattanooga, BAE Systems, McMinn/Meigs/Monroe "3 M's" Community, Anderson County, Johnson City area, Loudon City/County community, Chattanooga State.

5. **2006 Healthy Living Expo!** - January 27-28 (Fri. & Sat.), 2006; Knoxville Convention Center
Do again this year? Karen Ray with Corporate Services & Events (who operates the Healthy Living Expo) has offered us as potential returning participants the same price we paid last year to be there. \$875 got us our booth space and an ad in the pull-out that was distributed with the News Sentinel (\$500 for space, \$375 for ad). Karen also wants us to do the ad again as part of the deal; ad goes to 140,000 homes in the Knoxville area so it seems to be cost effective. As I remember, we had a pretty good turn-out with questions, and as a two-day event it is a little easier to get volunteers for. *Do we want to participate in 2006?*
6. **PERC Foundation Grant → See Proposal Handout**
The Propane Education & Research Council (PERC) and the Department of Energy Clean Cities (DOECC) have developed a program that provides funds for propane engine development projects, e.g. infrastructure, vehicle technology and fuel system technology. PERC and DOECC have each contributed \$100,000 to the program. This partnership has created an opportunity for the propane industry and Clean Cities to develop deployment programs to stimulate market growth.
7. **Final Quarterly and Annual Reports provided to TPO (\$60k) and SEO (\$20k)**
Discuss final numbers from the report provided to the TPO on local emissions reductions from biodiesel use growth. Central East TN biodiesel consumption in last 12 months (October '04 – September '05) = **B100 – 226,523 gallons; B20 – 1,132,614 gallons.**
These exclude all biodiesel consumption in counties outside Knox and surrounding counties.
8. **Prepare to put together your fleet's alt fuels consumption numbers for calendar year 2005!**
This will be our first official year of providing information on our activities to the Clean Cities program and I'd like the process to go smoothly! I'll be filling out an online form that will probably take a week to complete considering the mass of information required so it will be helpful if fleets can help me by having their alt fuel consumption numbers and numbers of vehicles using alt fuels information organized and ready by the second week of January.
9. **Engine Manufacturer's & National Organization's Biodiesel Support Statements**
Caterpillar has recently increased their approved biodiesel portion to 30% (B30) in almost all their ACERT engines. Meanwhile, Detroit Diesel has reduced their support from 10% to 5%. Also, the American Trucking Association has recently (late October) revised their statements about biodiesel (not supporting it at all) to not only approving but advocating 5%. They're pushing it so far that they want to change the national diesel standard to include 5% biodiesel.
10. **Blending Biodiesel with Off-road Diesel: Dye Injection/Addition Update (From the NBB)**
The American Jobs Creation Act (JOBS Act) enacted in 2004 contained a provision that the tax exemption for dyed diesel fuel would not apply unless the fuel is dyed using a mechanical injection system. The IRS earlier this year published temporary and final regulations implementing this requirement. These regulations took effect October 24. Due to concerns that entities may not be able to comply with all requirements of the temporary regulations by October 24, the IRS has issued transition rules for blends up to B20.
We have reviewed the biodiesel related provisions and the following is our understanding. (Please note-- the following is for informational purposes only and should not be construed as tax advice. Consult a tax professional for specific advice related to this subject.) A mixture of diesel fuel or kerosene and biodiesel will be treated as being dyed by mechanical injection if all the following requirements are met:
 - the blend contains at least 80 percent diesel fuel (i.e. blends up to and including B20);
 - the diesel fuel or kerosene in the blend was dyed by a mechanical injection system;
 - the blend is created at a facility that is not a terminal; and
 - the dye concentration of the finished blend meets the federal requirement when it is removed from the facility where it was made.If the blend does not meet the concentration requirement, then the blender must ensure it meets the federal requirement when it is removed from the facility where the blend was made. It would appear that the blender can bring the dye concentration up to specification by manual dyeing in these circumstances. Please note the limitations on this transitional rule; in particular the requirement the diesel fuel component must have been dyed by mechanical injection. This means that a jobber cannot, for example, buy clear diesel fuel at a

terminal (or elsewhere) and dye it manually.

The transition rule is silent on what mechanisms are allowable for use in adding dye to blends greater than B20 and up to the point at which the blend is no longer "diesel fuel" (i.e. the point at which the blend no longer contains 4 percent normal paraffin). B100 and blends containing less than 4 percent normal paraffin are considered "excluded liquids" by the IRS and do not require the addition of dye when used in tax exempt applications.

These transition rules are in effect until a date that is 180 days after IRS publishes final regulations in the Federal Register. The transition rules are contained in IRS Notice 05-80 (n-05-80). This Notice can be found on the IRS website at www.irs.gov/pub/irs-drop/n-05-80.pdf.

11. **Alcoa Foundation Grants**

- a) We requested \$32,225 in late 2004 for a "Young Biodiesel Leaders" program grant. This grant was received, but reduced to \$13,400. The grant will focus on looking for student leaders to help in the effort to get Blount County school buses on biodiesel blends.
- b) As of October 31, we have requested another \$10,000 for a separate program called the "You Can Use Biodiesel Too" signage campaign. The ETCFC cost shares another \$5,500 in the project for a total project cost of \$15,500. The program is to develop consistent signage, get participants on-board and get the signs printed and placed that say "(Co. X) uses biodiesel... and you can, too!" with a Web site listed where they can for information on where biodiesel is available locally (Web site costs are also included in the grant).

12. **Presentation Materials**

Show the slides for recent events and the pictures of Sheik wealth you got from Terrell!

13. **Recent events/information:**

- ▶ Oct. 5. Met with **Waste Management and WBIR Channel 10 at Regal Fuels**. Met to help get WM more info on how they can get started on biodiesel, and let WBIR record the conversation. (They did a good job with the coverage!)
- ▶ Oct. 7. Met with Steve Hillis and Scott Rule of the **City of Alcoa** to answer their questions about finishing their move to fleet-wide biodiesel.
- ▶ Oct. 7. **Tri-Cities ETCFC Meeting.**
- ▶ Oct. 13. **Knoxville ETCFC meeting.**
- ▶ Oct. 14. Two "**Beyond a Billion**" events held in Knoxville and Chattanooga to celebrate Clean Cities program passing one billion gallons of petroleum offset (see picture at meeting).
- ▶ Oct. 17. **RCAC meeting.** Presented new information on fleets moving to biodiesel including a sheet defining who and where in ET; also presented information on autotherm.
- ▶ Oct. 17. Fielded call to speak with the county executive for **Lawrence County, TN** about biodiesel. Provided advice on how to get her fleet started on biodiesel (without having to make it first).
- ▶ Oct. 19. Spoke to the **International Sustainable Development Symposium**, which was held at the University of Tennessee and put together by the EERC's Don Huisingsh, on our local Clean Cities effort. Got quite positive feedback from them!
- ▶ Oct. 19. Attended SACE Global Warming meeting in Oak Ridge.
- ▶ Oct. 20. Multiple events:
 - Met briefly with state energy office **Director Brian Hensley**
 - JGO, Andrew Couch (West TN) and David Pelton (Middle TN) with Hope Jackson and Charlie Bone of **Bone-McAllister-Norton PLLC** to discuss the three clean cities coalitions hiring them to help us connect to legislative committees and to certain legislators to discuss potential alternative fuel legislation.
 - Lunched with Alan Jones (TDOT), Brian Hensley (SEO), Marc Corrigan (TDEC) and David and Andrew discussing multiple potential ideas for things we can get done as a group.
 - Presented at the Tennessee Chamber of Commerce & Industry awards conference (thanks to Chris Moore of Alcoa for the invitation!; see picture at meeting)
- ▶ Oct. 25. Presented to Deni Sobek's 10th through 12th grade science classes at **Oak Ridge High School** (two classes). Lot sof good questions from the kids (see picture at meeting).
- ▶ Oct. 25. Met with Butch Loggins, Justin Ellis and Nick Lafon of the **Blount Farmers Co-op** to help answer their questions about beginning to offer biodiesel at their co-op.
- ▶ Oct. 27. Presented at the **Tennessee Trucking Association** annual meeting at Fall Creek Falls, thanks to Andrew Couch setting it up! Had a really good response with some great questions and contact made with ideas on how to further alt fuels' use (see picture at meeting).

- ▶ Oct. 28. Met with **Melissa Copelan of Alcoa, Inc.** to discuss biodiesel signage idea. Melissa not only came up with the idea to replicate the signage with other regional fleets and to tie it all into a Web address (to go on the signs) that would provide information on where the local stations for biodiesel are but also us completing another grant application that would allow the Alcoa Foundation to help with the costs of getting the signs created (see potential sign options at meeting).
- ▶ Oct. 28. Met with Dr. Wayne Davis on the East Tennessee Hydrogen Initiative (once he's ready to present more info to our group, he'll attend a meeting and do so).
- ▶ Nov. 1. Met with **Minge's Greenhouse** to help get them on a 5% blend of bioheat (5% biodiesel blended into 95% heating oil). They'll be our first bioheat user in East TN!
- ▶ Nov. 3. Presented to the supervisors and assistant directors for the **Knox County fleet** on biodiesel. They asked many appropriate questions and are prepared for their moving to B10 first, and then 60 days later moving to B20.
- ▶ Nov. 3. Presented to **UTK Professor Mark Littman's Environmental Literature class** on the ETCFC effort.
- ▶ Nov. 3. Discussion with Billy Wayne Brown about biodiesel at **public stations in Monroe County**. The Sloan's have a couple of public stations (BPs) at the larger cities in Monroe County and get their fuel from Sweetwater Valley Oil, which already carries biodiesel. Billy also knows several of the counties school bus contractors who he thinks would fill-up with biodiesel if it was accessible, and could be the first customers for one or more of the Sloan's stations if they would carry a biodiesel blend.

14. Update from stakeholders!

15. **Future meeting dates for Knoxville (Chattanooga will continue to be at CARTA Conference Room):** Below are the dates and locations setup for the coming months, all of which are on 2nd Thursdays (and from 11am – 1pm).
- ▶ December 8, 2005 – Copper Cellar
 - ▶ January 12, 2006 – Copper Cellar
 - ▶ February 9, 2006 – Copper Cellar

16. **Run for Clean Air Discussion: (Date of the Run is April 29, 2006, the fifth and last Saturday in April)**
Committee members: Jonathan Overly, John Harris, Emily Saunders, Ted B.?, Andy A.?, Nancy G.?, others?

- Have meetings at the end of coalition lunch meetings, or separately?

Tasks to be tackled:

For Jonathan:

- ▶ Partnership with KTC - Done
- ▶ Web site - Build and maintain
- ▶ Previous sponsor continuance (started - St. Mary's is on-board)
- ▶ Media sponsors - WBIR?, Metro Pulse?, News Sentinel?, radio station(s)?
- ▶ Brochures
- ▶ Registration - online and hard copy forms
- ▶ T-shirts - make design and share with rest of committee
- ▶ Publicity - with help from some committee members
- ▶ Numbers - Order a month out
- ▶ Demo vehicles - coverall the alt fuels

For other committee members and partners:

- ▶ Prizes - Jim Gray prints(!), two free pair of shoes gift certificates, other prizes
- ▶ New Sponsorships!! - Potentials: Pilot Oil, AHA, ALA, SACE
- ▶ Recruit and organize volunteers (Americorp?; UT students [SAE, SPEAK]?)
- ▶ Refreshments - Panera Bread, Earth Fare?
- ▶ Entertainment - LB and the Radons?
- ▶ Cheerleaders - Who?
- ▶ Shelters, tables and chairs & port-a-johns - Ted Buel?
- ▶ Solicitations - groups of runners and runner group prizes
- ▶ Power Supply - KAT (Bobby or Maria?)
- ▶ Parking coordination - Andy Andrew?
- ▶ Race day course monitors - Who?
- ▶ Registration form distribution