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NEWS RELEASE

Embargoed for Release

11A.M. July 6, 2006

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GM and Kroger will Join Governor Taft at HB 245 Bill Signing on July 6th in Columbus

The Office of the Governor has announced that Governor Taft will sign House Bill 245, legislation encouraging the development of E85 and Biodiesel availability, at 11 a.m. on Thursday July 6, 2006.

General Motors and Kroger also will announce their joint partnership effort to develop E85 ethanol refueling stations throughout Ohio as part of GM's "Live Green, Go Yellow" campaign at the bill signing ceremony to be held at the Kroger Refueling station at 7000 East Broad Street, Columbus, OH.

"The efforts by GM and by Kroger are especially important in raising awareness and public interest in ethanol and E85," said Sam Spofforth, Executive Director of Clean Fuels Ohio (CFO). CFO has been involved since the early stages of HB 245.

HB 245 Background:

Efforts to develop HB 245 began in early 2004 when Spofforth testified at the Biofuels Joint Task Force, a group that included legislators, key state officials and business leaders. CFO made several recommendations to the Task Force, chaired by Mike Wagner of the Ohio Corn Growers Association.

CFO's recommendations included: The State of Ohio should aid the development of E85 and biodiesel retail and bulk availability; Ohio's official fleet and the Ohio Department of Transportation should use biofuels; Ohio should work to develop a biofuels market.

Several CFO (then Central Ohio Clean Fuels Coalition) recommendations were incorporated into the Task Force's Final Report. CFO used this report, coupled with research on model policies in other states that have successfully supported development of alternative fuels availability, to develop the draft legislation. CFO partnered with the Ohio Soybean Association and the Ohio Corn Growers Association and approached legislative members of the Task Force for support.

Rep. Steve Reinhard (R-Bucyrus) was receptive to the draft model legislative ideas and worked to introduce what became HB245 in early 2005. Since that time, CFO has worked with other partners to build awareness of the

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HB 245 Signing Ceremony
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need for state support of E85 and biodiesel retail locations, bulk storage and blending facilities, and state usage of E85 and biodiesel.

CFO convened an internal group, the Ohio Biofuels Committee. The group's regular meetings have been attended by a wide variety of biofuels industry representatives, state officials, and advocates. The Committee has been intricate in refining the legislation and building support through the legislative process.

Key Provisions of HB 245

The key provision of HB 245 is the grant program to assist development of E85 and biodiesel (at least B20) retail and bulk storage and blending facilities. Retailers can receive grants to cover up to 50% of the project costs. Another important provision is the requirement that state fleet vehicles that are capable of using biofuels do use the fuels 'when reasonably available at a reasonable cost.' Vehicles capable of using biofuels include all diesel vehicles, which can utilize B20 (a 20% blend of biodiesel with regular diesel), and the state flexible fuel vehicles, which can utilize E85 (an 85% blend of ethanol with regular unleaded gasoline).

In June 2005, HB 245 gained a boost from Senator Larry Mumper (R-Marion), who worked with Senate leadership to secure \$150,000 per year in funding in the 2006-7 state budget for incentive grants for retail biofuels. The program was designed as a pilot demonstrating the need for HB 245. In September 2005, CFO was called to administer the program and convened a review committee for the program that has provided approximately \$150,000 in grant funding for 12 retail projects for E85 or biodiesel. Five projects already are launched and the rest will be developed by late summer 2006. This momentum led to the Ohio House passing HB 245 by a vote of 94-0 in September 2005.

CFO and its partners continued to educate broader industry influencers about the need for biofuels support through 2005 and into 2006. Key efforts at this stage were mounted by the Ohio Farm Bureau, which worked to educate its members and members of the General Assembly. This led to passage of HB 245 by the Ohio Senate in April by a unanimous vote. The House concurred with the Senate version on May 9 also by a unanimous vote.

Status of Retail Sites in Ohio

Development of biodiesel retail sites has been impressive in terms of sheer numbers. Today, CFO lists 43 separate retail sites offering some level of biodiesel blend in Ohio. Several distributors have indicated interest in developing rack blending and storage facilities for biodiesel, similar to sites that exist in Indiana. Ohio has no biodiesel rack blending facilities. This strategic development is a high priority since it will cut transportation logistics costs associated with biodiesel in Ohio.

The Ohio Department of Development is charged with administering HB 245, and State Energy Office officials already have begun to develop draft rules for the program. Clean Fuels Ohio and its partners have scheduled another meeting of their Ohio Biofuels Policy Committee to provide some feedback on the proposed rules.

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Passage of HB 245 means that Ohio now has a valuable policy tool to develop new biofuels retail and bulk facilities. This combined with plans to develop new biofuels production facilities, GM's focus on their flex fuel vehicles, Kroger's and other retailers' moves to enter the E85 market in Ohio, plus strong fleet champions of biodiesel (such as Central Ohio Transit Authority, which currently is using B90 – a 90% blend) mean that Ohio is becoming a serious player in the biofuels arena. CFO and other partners are prepared to continue working diligently well into the future to make sure Ohio assumes a leadership role among states in efforts to advance biofuels production, availability and use.

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