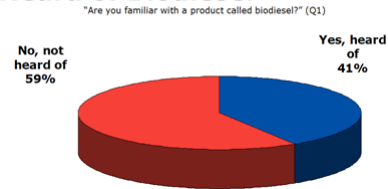


## Introduction—Significant Need for Biodiesel Education Efforts Continue *Third Year Efforts Have Reaped Significant Rewards*

### Year in Review

This year, in a sign that “biodiesel” is becoming a household word, Merriam-Webster added it to the dictionary. In another sign of progress, national survey results indicate that as of December 2005, 41% of U.S. consumers surveyed have heard of biodiesel. This is a 6% increase from the previous year. The increased focus on the energy security of the nation, the attention given to renewable fuels in Congress and the continued rise in fuel prices have increased Americans’ awareness of biodiesel and its role in the nation’s fuel plan.

#### 2005 - Two-in-Five Have Heard of Biodiesel



Although education of consumers is still the paramount requirement in continuing to promote the production and use of biodiesel, education of petroleum suppliers is a critical area as well. More American consumers are now aware of biodiesel and more want to begin using this product, but most still do not have the product available at a retail site in their area. Although the six percent increase in awareness in one year is truly a major accomplishment, the majority of Americans still are unaware of biodiesel.

The National Biodiesel Board (NBB) will complete year three of the USDA sponsored National Biodiesel Education Program in September 2006. The education program has allowed NBB and the biodiesel industry to strengthen education activities and, *in many cases, initiate efforts that were previously not possible due to a shortage of resources.* During a time when educating the petroleum industry has never been so vital, the National Biodiesel Education Program continues to provide resources for ASK BEN, the “go to” source for petroleum distributors. ASK BEN has provided answers to more than 700 documented questions from petroleum distributors around the country. It is a featured link on the National Biodiesel Board’s website as well as the Petroleum Marketers Association of America (PMAA) and has seen numerous “hits” as distributors use this extremely valuable resource to secure consistent, accurate information about biodiesel and proper handling.

Additionally, thanks largely to the USDA program, automakers and engine manufacturers such as New Holland, DaimlerChrysler, General Motors and Cummins have made major announcements publicly supporting biodiesel, including New Holland becoming the first to fully approve of B20 in all of its equipment currently in production. Increasing the support of higher blends of biodiesel has been a goal of NBB. The funding provided by this program has allowed the education necessary to begin to realize this goal. DaimlerChrysler announced B20 approval in the new Dodge Ram. Chevrolet has expressed support for B20 use by fleets in their Silverado pickups beginning in model year 2007. Cummins has expressed support for B20 use in all Cummins engines beginning in 2007. So, progress is evident, but there is still much work to do.



The heating oil industry is taking off with Bioheat, a term now-trademarked by NBB. Through strategic partnerships with National Oilheat Research Alliance (NORA), New York State Energy Research Agency (NYSERDA) and New England Fuel Institute (NEFI), a strong presence in the heating oil industry is beginning to reap huge rewards in consumer understanding and demand for Bioheat. NORA, through an agreement with NBB, is able to license use of the Bioheat name to

its member suppliers, thereby continuing to increase the knowledge of Bioheat in the home heating oil market.

All of these successes would not have been possible without the National Biodiesel Education Program. Without any doubt, the USDA program comes at a crucial time in biodiesel's history and the industry is making the most of it by targeting specific consumer and user groups, leveraging resources and activities with other entities, and using the best expertise possible to implement programming.

As documented in this report, NBB's program has already made tremendous progress in increasing awareness of the benefits of biodiesel. Planned activity for 2006-2007 will build upon these previous efforts and successes. This program description, organized by the six major objectives approved previously by USDA, is both a summary of highlights from the current year's effort and an outline of planned activity for the upcoming year.

### **Primary Objectives of the NBB Biodiesel Education Program**

*As Approved by USDA*

To address issues outlined by industry stakeholders, a comprehensive and coordinated effort is required. NBB respectfully submits the enclosed plan of work that will implement activities to enable the following objectives to be achieved:

- 1) Ensure effective and efficient development of the biodiesel industry through:
  - a) Industry coordination and collaboration of technical and marketing efforts
  - b) Coordination with other biodiesel education programs, at the local, state, and federal levels, including the Energy Policy Act (EPAct)
- 2) Development of a results-oriented nationwide education program based on:
  - a) Ongoing collection and dissemination of biodiesel information
  - b) National networking that provides an information delivery system to targeted audiences
  - c) Conduct outreach programs to the general public, including environmental groups
- 3) Providing of technical support and outreach to commercial users
- 4) Identification and documentation of:
  - a) Biodiesel benefits
  - b) Information gaps
  - c) Market barriers
- 5) Implementation of programs to help ensure fuel quality and consumer confidence
- 6) Evaluation and documentation of industry and program progress

These objectives are addressed in depth under the "Plan of Work" section below. Implementation of these objectives will accelerate biodiesel's integration into the fuel infrastructure and ultimately an increase in biodiesel sales.

## Year 3 Progress Report & 2006-2007 Plan of Work

The following information will provide highlights of current activity and a framework for future activity under the National Biodiesel Education Program. NBB, in many instances, exceeded original planned activity under this year’s program and welcomes the opportunity to spend additional time with the USDA Advisory Committee to provide more details for either current progress or planned activity for 2006-07.

### **Objective 1. Ensuring effective & efficient development of the biodiesel industry**

Tremendous growth in the biodiesel market (all aspects including sales, interest, and investment) has created the scenario where it is both more important and more challenging to coordinate market development activities in an efficient manner. 2006 has seen demand for biodiesel outpace supply. This has placed extreme demands on the resources of the industry to respond with more production capacity and increased education programs. Not all consumers and distributors of biodiesel are well-educated regarding the handling and use of biodiesel. More and more groups are requesting participation in education efforts such as conferences, workshops and market-specific business development meetings.



The second year of USDA funding was put to use by enhancing the NBB priority setting process. It was possible to seek input from a larger group of stakeholders and thus, create a very sound program that was voted on by the Directors of the National Biodiesel Board. This set of ranked priorities was utilized to develop the fourth year of planned activity for the National Biodiesel Education Program. Although the USDA Education Program has bolstered funds for biodiesel outreach, serious shortfalls remain for a national education & outreach program as well as other aspects of the commercialization process. The priority setting process appears to remain the best and most efficient method to target resources to those programs that will have the greatest impact for the biodiesel industry. The prioritization process was modified slightly this year to allow the placement of projects within “tiers” of priorities, in lieu of actual numeric ranking. These tiers were established to provide a broader level of priority to ensure the program provides flexibility in work and funding opportunities. The 2007 Program Priorities are:

#### **Tier I**

National Energy Initiatives	\$ 280,000
State Energy Initiatives	\$ 350,000
OEM Program	\$ 480,000
2007 OEM Technology Development Program	\$ 700,000
Oxidative Stability Follow-Up	\$ 100,000
NCWM Quality Testing	\$ 50,000
Petroleum Industry Education & Outreach	\$ 450,000
NOx Neutral Ruling	\$ 75,000
Bioheat Outreach and Technical Development	\$ 200,000
Truck Industry Education & Outreach	\$ 150,000
Cold Flow Project Marketing	<u>\$ 75,000</u>
<b>Total (Tier I)</b>	<b>\$2,910,000</b>

#### **Tier II**

Feedstock Development	\$ 500,000
Consumer Education & Outreach	\$ 250,000
Cooperator Funding/Researcher Outreach	\$ 75,000
Cold Flow Additive Follow-Up	\$ 50,000
Glycerin Coordination	\$ 25,000
Retrofit Certification Program	\$1,500,000
Technical Information Dissemination	\$ 50,000
BQ-9000 Promotional Campaign FY07 Supplemental	\$ 25,000
<b>Total (Tier II)</b>	<b>\$2,475,000</b>
<b>Grand Total</b>	<b>\$5,385,000</b>

Elements of the National Biodiesel Education Program will help address (i.e. fund or co-fund) many of these priorities in 2006-07 including Industry Coordination, Quality Assurance Programs, OEM Programs, Consumer Education & Outreach, and Bioheat Outreach and Technical Support.

*Planned Activity for Year 4:*

NBB will continue to *utilize a consensus-based decision making process that integrates all sections of the biodiesel industry to establish industry priorities*. USDA funding will be utilized to enhance prioritization efforts that culminate in the 2007 Biodiesel Industry Priorities ranked and voted on at the meeting in San Antonio, TX (in conjunction with the 2007 Conference & Expo). The priority setting process is an open meeting and the Advisory Committee is both invited and encouraged to attend.

The Biodiesel Technical Workshop will again be sponsored by the USDA program. Plans are to hold this workshop in Phoenix, AZ in the fall of 2006. Other activity in Year 4 will revolve around efficient implementation of the overall education program, including a collaborators meeting in February, 2007 in San Antonio, TX.

Finally, NBB strives continuously to coordinate and leverage programs with other entities. In addition to coordinating activity with the **University of Idaho** and international groups such as the European Biodiesel Board, NBB continues to work with other regional and national groups such as the Regional Biomass Energy Programs and the Council of Northeastern Governors as well as Natural Resources Canada and the Canadian Renewable Fuels Association. Benefits of this coordination should result in leveraged funding for activity and consistent messaging.

**Objective 2. Developing a results-oriented nationwide education program.**

NBB will continue to build upon this successful education program in year four. Because most market segments are at different stages of commercialization, national education efforts will be developed based on individual market conditions. NBB will continue to leverage relationships with strategic partners and work cooperatively with groups such as the **University of Idaho** to implement this program. NBB continues to strive to “multiply” education activities through strategic relationships and educating/training those individuals that are in constant contact with potential users.

Supporting the overall program, NBB and the expert speakers’ bureau crisscrossed the United States providing speakers and expertise at important meetings and conferences. By utilizing the expertise and experience of individuals, fleet operators and biodiesel stakeholders as representatives of the NBB, the speakers’ bureau allows NBB to offer different messaging and topics than those which might be possible with NBB staff. Having biodiesel users discuss issues with potential users at workshop/conference events have proved extremely successful in getting the message across.

Train the trainer sessions have continued to be a focus of NBB under this program. Sessions were presented at the National Association of Charter Boat Operators, the Marina and Boatyard Conference, National Science Education Conference and the National Association of Fleet Administrators and American Public Transit Conference. These workshops are targeted at the decision-makers of the participating organizations with the goal of educating them and allowing them to access information resources they may otherwise have been unaware of. Hundreds of school teachers also had the opportunity to learn about getting biodiesel into the classroom through the program with NEED.

Updated training aids were completed to ensure that up-to-date information is available to all those wanting to learn more about biodiesel. These include Power Point presentations, videos such as Train the Trainer, petroleum education brochures and others.

NBB largely used a cost-effective “earned media” strategy in educating the public, crafting original press material documenting biodiesel’s benefits, growth and successes. Between October 1, 2005 and May 31, 2006, the NEXIS news tracking service reported an estimated 8,878 news articles or broadcasts that covered U.S. biodiesel. That’s already an increase of 61% over the previous year, when NEXIS tracked 5418 for the entire fiscal year. Examples of news releases issued under the USDA program include: American Trucking Association Endorses B5; DaimlerChrysler Approves Use of B20 in 2007 Dodge Ram Pickup Trucks; and several on the growing number of BQ-9000 accredited producers. Another news release drafted under this program highlighted the dramatic growth in the biodiesel industry, and was picked up by *Newsweek*.

Examples of press events that NBB led include a pump opening with Willie Nelson in San Diego, CA, an event with singer Bonnie Raitt in Knoxville, TN and an event with USDA Undersecretary Tom Dorr in conjunction with his participation in the National Biodiesel Conference and Expo in San Diego, CA.



***Planned Activity for Year 4***

**To carry out objective 2(a) for on-going collection and dissemination of information that will support the overall program, NBB will continue to make use of both an expert speakers’**

bureau as well as a volunteer speakers bureau. Experts identified that collaborate on this project include: **Richard Nelson (Enersol), Kelly Strebig and Ken Bickel (University of Minnesota's Center for Diesel Research), Alan Weber, Steve Howell, Stu Porter and Leland Tong (MARC-IV)**. The volunteer speakers bureau program will reimburse speakers for their travel expenses when necessary and enable consumers to hear directly from their peers. All speakers have been, or will be, trained accordingly in order to conduct "Train the Trainer" sessions. **KCE** will assist with overall communications efforts.

**To achieve objective 2b, national networking that provides an information delivery system to targeted audiences, NBB will reach out to: government and private fleet managers, the trucking industry, the marine industry, the agriculture industry, the railroad industry, and school bus fleets. Targeted outreach efforts include:**

***Government and Private Fleet Managers (Centrally Fueled Fleets)***

The intent of the Comprehensive Energy Policy Act of 1992 was to strengthen national energy security by displacing imported petroleum through the promotion of alternative fuels and alternative fueled vehicles. Biodiesel demand created by a desire for energy security represents a real market and was highlighted as the number one attribute of biodiesel in the recent national omnibus survey.

Fleet managers of centrally fueled fleets, including EPO fleets, have been one of the industry's highest priorities. Although managers are becoming more aware of biodiesel, there is still much work that can be done. This program has supplemented the ongoing effort to educate fleet managers about biodiesel, including: the economics of biodiesel; dispelling myths; addressing changes in Original Equipment Manufacturers' positions on biodiesel, and educating EPO fleet managers about important fuel quality issues.

***Planned Activity for Year 4-Centrally Fueled Fleets***

Government fleet operators will continue to be both a valuable resource as well as a continuing market. Therefore federal fleets and other fleets impacted by the Energy Policy Act of 1992 remains a key outreach target for the National Biodiesel Board. As diesel fuel prices have increased and more fleet operators are aware of the benefits of biodiesel, it is imperative to continue providing educational resources to these key stakeholders. Increasing the number of fleets using biodiesel results in increasing the availability to other local markets who may otherwise not have access to biodiesel. Participation in events such as the National Conference of State Fleet Administrators (NCSFA) and National Association of Fleet Administrators (NAFA) will allow NBB to reach a large number of these fleet operators. *NBB will work to leverage this portion of the outreach program with assistance from the soybean checkoff.*

***Trucking Industry***

2006 has been a very successful year in NBB's efforts to reach a greater share of the trucking market. NBB attended and represented the industry



at key national conferences such as the American Trucking Association Annual Conference, the Great American Truck Show, the Mid-America Truck Show and the Las Vegas Truck Show. NBB continues to foster a positive relationship with the American Trucking Association (ATA) and Owner Operator Independent Driver Association (OOIDA) to partner in educational opportunities with their members. Efforts with ATA have resulted in statements of support for biodiesel. Surveys of trucking executives and truck stop operators which were completed in Year 3 show an increase from 27% to 53% with a familiarity with biodiesel.

### ***Planned Activity for Year 4 – Trucking Industry***

Specific goals for the fourth year of the education program include to:

- Educate the trucking industry on the many benefits of biodiesel use and overcome any technical concerns the industry may have regarding low blend biodiesel use.
- Make the industry aware of the federal and state policies that support biodiesel use.
- Educate the industry on the availability of the fuel and how to implement biodiesel within their fleet.

The **National Biodiesel Board** with **Shriver Productions** will implement the trucking outreach effort. Activities will include increased communication efforts (news releases and article placement) and participation in key industry conferences such as the American Trucking Association, Great American Truck Show, Las Vegas Truck Show and the Mid-America Truck Show. *It is anticipated that the USB, as well as many state soybean groups, will invest significant dollars in FY07 to further educate truckers and build on that success. Therefore, funds from the USDA program are not planned to be utilized for this specific market segment. State and national soybean groups remain willing to collaborate with NBB to educate farmers and maintain a consistent national message.*

### ***Consumer Education & Outreach***

#### ***General Market Outreach and Development***

Year 3 efforts to review the potential of “high value” markets resulted in mining operations to have the highest potential followed by railroads and charter boats. Meetings were held with representatives from each industry to begin forging relationships to share information and determine fit and feasibility. These efforts are ongoing and will need added attention in 2006-2007.

#### ***Planned Activity for Year 4- Market Outreach and Development***

Specific goals of this effort during the third year include to:

- Continued review of “high value” markets will be conducted, including railroads, charter boats, mines, etc.
- These market efforts will include:
  - One-on-one meetings with high profile fleets and influential organizations.
  - Education workshops at key industry events.
  - Presentations at key industry conferences and meetings.
  - Work with industry media to generate earned media in their publications that will feature successful biodiesel fleets in their industry.

As resources are limited, NBB has selected three groups to assist with the education efforts. **Chad Freckmann, Enersol Resources and MARC IV** will assist with education activities around the country.

### ***Agricultural Industry***

The agricultural community has significantly increased the availability and use of low blend biodiesel by requesting it from suppliers and distributors. Recent surveys indicate that more than 30% of the agricultural market is now using biodiesel blends. EPA’s off-road diesel fuel

regulations should continue to spur demand. This regulation will reduce the sulfur levels in off-road diesel fuel to 15 parts per million (ppm) and will create the need for lubricity additives. Biodiesel would work as a low level blending component to improve fuel lubricity while providing environmental, economic, and energy security benefits.

During the previous three fiscal years the United Soybean Board (USB), a soybean farmer funded organization, provided resources for a communications program centered on farm level usage of low-blend biodiesel. This effort was very successful at increasing both the availability and consumption of biodiesel in agricultural applications. *The USB, as well as many state soybean groups, will invest significant dollars in FY06 to further educate farmers and build on that success. Therefore, funds from the USDA program will not be utilized for this specific market segment. State and national soybean groups remain willing to collaborate with NBB to educate farmers and maintain a consistent national message.*

### ***School Bus Fleets***

**NBB and the National Energy Education Development (NEED)** successfully built on the accomplishments of Years 1 and 2 and established a great base for a successful program in Year 3. School bus market outreach efforts were twofold; 1) to implement curriculum for students that will educate them about biodiesel and 2) to begin workshops designed to educate teachers and school administrators about the use of biodiesel blends. NEED continues to deliver the message on behalf of the biodiesel industry in exemplary ways.

A decision-maker workshop was held in conjunction with the National Biodiesel Conference and Expo in San Diego, CA. This workshop focused on the benefits of biodiesel use in school bus fleets and allowed participants to experience the expo. Ongoing efforts to reach school bus fleet operators have proven successful as more school bus fleets are using or considering use of biodiesel. The overall effort to educate the students (grade school and high school) have proven quite successful as well. As today's students are tomorrow's decision-makers, the effort to reach and educate them will reap benefits in awareness and support in years to come.

### ***Planned Activity for Year 4 – School Bus Fleets***

The school bus markets interest in biodiesel has been rapidly growing over the last several years. School administrators and school bus fleet managers are becoming more and more aware of the benefits of using biodiesel through the efforts described above. The primary barrier that prevents schools from using biodiesel now is the incremental cost of the fuel.

With the passage of the federal biodiesel tax incentive, many school districts have seen the price of biodiesel become much more competitive with diesel fuel. In Year 4, a concerted effort to educate the various decision-makers of the cost and benefits of biodiesel should result in significant increases in use in this market.

In addition, interest has continued to grow in requests for biodiesel education curriculum at all grade levels as well as education materials that can be used at state fairs and other public events. Biodiesel educational material which was developed in the first year of the program continues to need to be promoted and made available to school officials and other interested organizations such as Farm Bureau, youth groups, etc. The overall goals of the fourth year will be to:

- Continue to educate school decision-makers and educators about the benefits of using biodiesel

- Develop tools, such as a web-based learning center, that will help educate school officials about the federal and state programs that they may qualify for, and include downloadable teaching resources.
- Continue to make schools and other organizations aware of the biodiesel education curriculum that is available and update that curriculum as needed.

**NBB** will again work with the **NEED** and **Fred Henderson** program to implement teacher and decision-maker training programs. Leveraging resources will continue to be a priority. *NBB will work to leverage this portion of the outreach program with assistance from the soybean checkoff.*

*Accomplishing objective 2(c) will result in programs to educate the general public, including health related and environmental groups. The omnibus survey conducted in Year 1 highlights that Americans view the health benefits of biodiesel as a crucial reason for using biodiesel. Environmental attributes are important, but not to the same degree according to those results.*

#### ***Health and Environmental Related Groups***

In Year 3, the **American Lung Association of the District of Columbia** (ALADC) has continued to integrate biodiesel into its health education and outreach efforts throughout the nation's Capital. With the highest single occurrence of asthma in the nation, Washington, D.C. was the perfect location to highlight the numerous health benefits of biodiesel use. As planned, this project has also served as a pilot for biodiesel efforts with health organizations across the country and helps establish a model of biodiesel outreach to urban communities as well as diverse ethnic populations. Illinois and Minnesota are two states in particular where biodiesel education programs or information campaigns have been implemented. In September, ALADC will host a national forum on biodiesel, inviting executive directors of other chapters as well as other leading national health experts.

The program with ALADC was a three-year arrangement and will cease under the USDA Biodiesel Education Program. However, NBB hopes to continue funding health outreach in some form through other sources.

#### ***Planned Activity for Year 3 – Communications***

NBB will add a communications component to support all aspects of the Biodiesel Education Program. NBB will build upon its strong media relations program to increase press coverage of the fuel. Significant opportunities for promoting “newsworthy” biodiesel activities to journalists exist. These can be capitalized on by keeping a strong line of communication open with journalists. NBB will disseminate information to various market audiences in support of the industry's overall priorities, including: a directed media campaign that includes development of technical and informational feature stories, op-eds, and press releases for placement in trade magazines, newspapers, organizational newsletters, radio, television, and various national and regional publications. It will also include organization of media advisories, press conferences, and media tours; responding to the continuous flow of media requests for interviews and information; and coordinated messaging in marketing and informational materials whereby NBB will leverage current industry successes to maximize overall development efforts.

NBB communications will also likely need to prepare for crisis in the industry. Fuel quality is one example of an area where a growing industry might feel some growing pains. NBB will respond to crisis with a communications action plan, including identifying spokespeople, crafting messages and demonstrating the industry's vigilant response to problems that may arise.

**Objective 3. Implementation of a technical support and education program targeted at fuel distributors, fuel refiners, and vehicle and engine manufacturers.**

Activity in year three has been a continuation of the successful program that was initiated in the first two years of the program. The **Minnesota Biodiesel Council and Advanced Fuel Solutions, Inc. (AFS)** has continued a sustained effort to implement biodiesel training programs to address the proper handling of B100 by petroleum terminal personnel including receiving, storing, dying and blending of finished biodiesel product. Year 3 focused on the delivery and distribution of quality fuel. Petroleum Marketers of American (PMAA) staff were provided a presentation on BQ-9000 and the Independent Gasoline Marketers were given a Biodiesel 101 workshop at their national conference in Philadelphia, PA in October. Outreach efforts also leveraged other resources of organizations such as the Petroleum Marketers Association of America, the American Petroleum Institute and the New England Fuel Institute. These efforts are of utmost importance considering the urgency of refiners and terminals to make lubricity additive decisions.

***Education & Outreach with the Original Equipment Manufacturers (OEMs)***

**ASG Renaissance**, working under the supervision of **NBB** and **MARC-IV**, is implementing the OEM program. Efforts in Year 3 were geared to the following areas:

- OEM Communications—to work with OEMs to encourage them to make public statements of support for biodiesel (either verbally in public forums or written).
- Dealer Communications—to educate dealers on their OEM warranty positions.
- Public Relations/Public Outreach

ASG Renaissance worked extensively with OEMs to assist them in focusing their biodiesel support statements. These efforts resulted in greater visibility and participation by the OEMs at the National Biodiesel Conference and Expo in San Diego, CA. Ford, GM, Chrysler, Volkswagon and John Deere all participated in the expo. In addition, Volkswagon, GM and DiamlerChrylser provided speakers for the new “OEM Track” which was horizontally integrated into the conference schedule. Finally, several vehicles were made available for a ride-and-drive which allowed all conference attendees the opportunity to drive a biodiesel-powered vehicle. This participation by these OEMs demonstrated to the conference participants the higher level of commitment the OEMs have to biodiesel.

***Planned Activity for Year 4 – Education & Outreach with the Original Equipment Manufacturers (OEMs)***

In Year 4, ASG will provide assistance in continuing to develop positive relationships among the OEMs regarding biodiesel. They will work with OEMs to make announcements supporting the use of biodiesel, such as factory fills by additional companies, future biodiesel product plans, or updated warranty positions approving the use of biodiesel blends up to B20. In addition, ASG will provide media relations support of biodiesel announcements targeting automotive trade, fleet, alt-fuel and trucking media, with a key emphasis on OEM participation in the 2007 National Biodiesel Conference and Expo. ASG Renaissance will work with the marketing and PR departments of the OEMs that are actively supporting biodiesel to jointly develop marketing materials. ASG will develop and implement a renewable fuels survey to poll media and journalists on their views on renewable fuels.

With support solidified at the headquarters level, ASG Renaissance will coordinate and execute more downstream dealer education programs with four OEMs and their dealer bodies. Experts

will be developed within the OEM companies to work in company call centers to provide concise and accurate information to the dealers and consumers regarding biodiesel use.

ASG will conduct Train-the-Trainer sessions for OEMs, including “OEM-specific” train-the-trainer sessions that will focus on a specific OEM seeking to bring stakeholders from a single OEM (e.g. suppliers, dealers, various department representatives etc.) together to discuss the OEM’s position and future activities. In addition, two general Train-the-Trainer sessions will be held at industry conferences such as the National Association of Fleet Administrators, GSA FedFleet and the National Conference of State Fleet Administrators conferences.

The **Center for Diesel Research** is also assisting with these efforts.

### ***Petroleum Outreach & Education***

The Minnesota Biodiesel Council and Advanced Fuel Solutions, Inc. (AFS) continued to establish biodiesel awareness within the petroleum industry by implementing a well thought out petroleum outreach campaign. Serving as the liaison between industry leadership groups such as the Petroleum Marketers Association of America, Independent Liquid Terminals Association and the Society of Independent Gasoline Marketers, AFS assisted both biodiesel and petroleum groups with concept materials which led to three new industry groups taking an active role in communicating the biodiesel message as designed by biodiesel industry. The core message this year was education of petroleum terminal and distributors who were eager to take a leadership role in biodiesel distribution. AFS spearheaded the development of a biodiesel handling and blending video which has been made available to petroleum distributors.

NBB was represented by AFS at numerous national and regional petroleum conferences. These included the OPIS ULSD & Biodiesel Supply Summit in Washington, DC, Independent Connecticut Petroleum Association, Society of Independent Gasoline Marketers in Philadelphia, PA and the Biofuels Conference in Atlanta, GA.

AFS continued responding to several hundred inquiries being generated from the real time question and answering system developed last year called Ask BEN. To date AFS and NBB has responded to over 1,200 inquiries on a wide range of subjects which included tax incentives, production, operations and much more.

### ***Planned Activity for Year 4 - Petroleum Outreach & Education***

Once again this year, the effort to reach the new petroleum industry will be a high priority for NBB. Efforts have been underway for several years to solicit funding from other sources to enhance and increase the funding for this important outreach program. NBB was successful in the fall of 2005 in securing a funding commitment from the federal government, through the Department of Energy, to fund its Petroleum Outreach and Education program. NBB anticipates increasing the education in the area of terminals and distributors as well as continuing efforts to reach more suppliers and distributors. Making biodiesel available to the consumers who want it will be a primary focus. Doing this through increased efforts focused on distributors and terminals will be the strategy to move biodiesel availability forward. These efforts will include the resources of **Minnesota Biodiesel Council** and **Advanced Fuel Solutions, Inc. (AFS)**.

*Because of the commitment of the US Department of Energy, funds from the USDA program will not be utilized for this specific program segment.*

### **Objective 4. Identify and document biodiesel benefits, information gaps, and market barriers**

NBB continues its efforts to document biodiesel benefits, identify gaps in information, and develop strategies to address market barriers. Year 3 activities centered on documentation of biodiesel cold flow properties, documentation of handling and use guidelines, barriers to greater distribution of biodiesel to the retail market, continued evaluation of the heating oil industry and the identification of information gaps and market barriers.

As gaps and barriers were identified, MARC-IV and other collaborators worked to address those issues. As an example, MARC-IV developed white paper on the use of straight vegetable oil (SVO) and the potential harm prolonged use of this product can have on diesel engines. Additionally, work is underway to establish biodiesel blend levels which will be acceptable to Underwriters Laboratory (UL) for use in home heating oil applications. UL currently supports use of biodiesel in blends up to 5% but NBB, through cooperative research using leveraged dollars from the home heating oil industry, will work to expand this support to blends up to 20%.

#### ***Planned Activity for Year 4***

**NBB and AFS** planned activity in Year 4 will be an increased effort in targeting the heating oil industry and the petroleum distribution industry. As a result of the market research completed on the bioheat market, the biodiesel industry increased the priority of additional development of this market. As part of the 2006 Comprehensive Plan, the Heating Oil (Bioheat) Outreach and Technical Support program was initiated. This program will address several areas needing attention to better promote the use of biodiesel in home heating oil applications. Promotion of bioheat will be increased and the collaborative efforts with industry partners such as NORA, NEFI and NYSERDA will be expanded on to increase the market share. Determining barriers to increasing the number of fuel distributors offering biodiesel and biodiesel blends to their customers will be more fully explored and initiatives undertaken to address these barriers. Infrastructure grants, available through the Department of Energy can be used to assist with added capital costs in areas that are significantly lacking in biodiesel availability. Introducing biodiesel to geographic areas in which biodiesel is absent will be a primary focus of the petroleum outreach program. Providing resources to counsel these business groups on best practices and offer creative and economical solutions to become actively involved with biodiesel distribution will result in market growth. These resources would include the field management of projects that would ultimately be established with pioneer new biodiesel and Bioheat suppliers. Our efforts would include overseeing sampling of delivered fuels, transportation protocols and service program surveys.

Continuing to support this growing market by providing a response team for addressing field problems which are associated with diesel fuel, heating oil and biodiesel blends will be critical to sustaining the growth potential of this market. Implementation of a Train the Trainer program for those who will be educating new fuel oil technicians with presentations at the New England Fuel Oil Institute will help to speed up the delivery of reliable information to the technicians who interact with the heating oil consumers. Plans include the development, in conjunction with NEFI education leaders, of a curriculum of basic Biodiesel 101 material to be introduced to all incoming fuel technicians seeking state licensing.

Through collaborative efforts with regional oil heat publicity companies, our team will assist in the development of sales and marketing material. This will consist of brochures which fuel dealers would purchase and use to train the heating oil consumer. Our efforts would also include development of communication messages for fuel dealers, builders and equipment manufacturers. And finally, the establishment of a presence at biodiesel/bioheat regional meetings that may not necessitate investment of NBB staff time. These opportunities still require the involvement of a

secondary representative to both ensure appropriate exchange of information as well to offer any national perspective from the NBB offices.

**NBB and MARC-IV** will also work with the **University of Idaho** to identify information gaps and market barriers. Programs will be developed and, if possible, implemented to address gaps and barriers. Examples of coordinated activity may include the development of fact sheets or white papers to address consumer concerns, summation of testing or research to provide detailed information for a targeted user group, facilitation of a working group to address a technical issue, or as in-depth as handling guidelines for blenders.

### **Objective 5. Fuel quality education and consumer confidence**

Previous to the National Biodiesel Education Program, the **National Biodiesel Board** established the National Biodiesel Accreditation Commission. This commission has developed a national fuel quality program called BQ-9000, a ‘Good Housekeeping’ Seal of Approval™ for biodiesel production companies and biodiesel blend distributors. The program is a unique combination of the ASTM standards for biodiesel, ASTM D 6751, and a quality systems program that includes storage, sampling, testing, blending, shipping, distribution, and fuel management practices. A certification logo is available to distributors who meet the requirements of BQ-9000. In 2006, NBAC developed an Accredited Producer logo which is available to all producers reaching this accreditation. This logo will help to deliver a consistent message and make it easy to identify those with this accreditation. Currently, there are approximately 8 accredited producers, with nearly as many in process and one certified marketer with several in process.



Success for the program will be dependent upon producers and marketers going through the certification process. During 2006, a sample quality manual was developed to assist those seeking an accreditation or certification in beginning the process.

Additionally, six BQ-9000 workshops were held, four in the United States and one in Canada, to provide information and assistance in the requirements of the program. Approximately 200 individuals participated in these workshops which should result in many more producers and marketers seeking accreditation or certification in the coming year. The first workshop was held in conjunction with the National Biodiesel Conference & Expo in San Diego, CA with others to follow in Kansas City, MO, Atlanta, GA, Philadelphia, PA, Dallas, TX and Calgary.

### ***Planned Activity for Year 4***

Year 4 will see funding from USDA be used to prepare and distribute additional BQ-9000 promotional materials and to educate consumers, biodiesel production companies, petroleum/biodiesel distributors and OEMs on the need for and benefits of high fuel quality. Education activities will primarily occur in the form of multiple workshops. One workshop will again be held in conjunction with the National Biodiesel Conference & Expo in San Antonio, TX in February. Other locations have yet to be determined. Furthermore, users will be encouraged to ‘look for the BQ-9000 label’ when purchasing their biodiesel blends through other education material developed under this program.

## Objective 6. Evaluate and document industry and program progress

NBB uses a systems approach to implement all of its programs using a methodology called “Results-Oriented Management” or ROM. The NBB management team is a multi-disciplined team of experts in their respective fields including management, engineering, technical research, economics, regulatory law, communications, instructional design, and information technology.

As indicated in the original proposal to USDA, in order to evaluate results of this program NBB must first take an accurate pulse of the public perception of biodiesel in various areas in order to demonstrate the project’s success. Results of the first year survey efforts help NBB target messages to different audiences by identifying what motivates consumers and which messages resonate with them. The first year of the program involved significant industry benchmarking. Specifically, NBB conducted the following:

- National Omnibus Survey—Public Opinion Research
- Targeted Survey of Environmental Leaders/Organizations
- Targeted Survey of Health Care Leaders/Organizations
- Targeted Survey of Trucking Company Executives
- Industry Summary of Biodiesel Awareness, Sales, and Availability

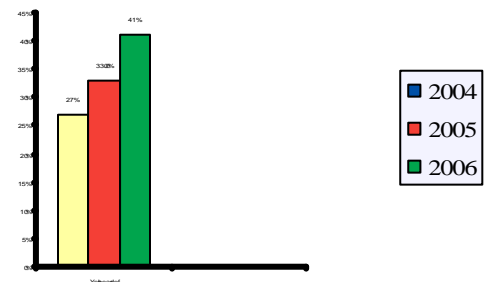
Results from these efforts enabled NBB and USDA to benchmark awareness and biodiesel acceptance prior to the USDA program activities. Results of the national survey indicate that, while biodiesel is not a well-known product among U.S. consumers today, it clearly has a potential to be well received, particularly when consumers learn more about the benefits and features of the product.

The national survey will be conducted every year and the additional surveys will be conducted again in Year 5.

As of June 2004, only 27% of U.S. consumers surveyed have heard of biodiesel. NBB repeated the national survey in 2005 and again in 2006 and found the number had shifted to 41%. A vast majority of consumers said they would use biodiesel if it were available.

NBB also updated an industry summary that addressed the following major evaluation areas:

1. Availability
  - a. Including terminals and distributors
2. Awareness
  - a. Market survey and consumer awareness results
3. Usage
  - a. Total and individual market segment usage estimates
4. Endorsements
  - a. OEMs and consumer groups endorsements



This document is updated annually.

### *Planned Activity for Year 4*

NBB will complete another round of surveys in Year 4. **Moore Information** will assist with survey efforts.