July 27, 2012

Dear B20 Stakeholder:

On behalf of the Midwestern Governors Association (MGA), we want to encourage every diesel engine and vehicle manufacturer—and their respective suppliers—to support the use of biodiesel blends of at least 20% by volume with conventional petrodiesel (i.e., B20) in all diesel-powered equipment. We want to thank those manufacturers who have already made great progress in this area.

Made from an increasingly diverse mix of resources such as agricultural oils, recycled cooking oil and animal fats, biodiesel is a renewable, clean-burning diesel replacement that can be used in existing diesel engines. It is the first and only commercial-scale fuel produced in the U.S. to meet the Environmental Protection Agency's (EPA) Advanced Biofuel definition under the Renewable Fuel Standard (RFS-2); the EPA has determined that biodiesel reduces greenhouse gas emissions by more than 50 percent compared to petroleum diesel[1]. Thus, the use of biodiesel blends in today's clean diesel engines can provide significant benefits to the environment and society, while also reducing our nation's dependence on foreign oil.

The RFS-2 drives higher levels of advanced biofuels over the next 10 years[2], which means biodiesel use could approach B20 in a significant portion of on-road diesel vehicles. The industry set record production volumes of nearly 1.1 billion gallons of biodiesel in 2011[3], a volume which is estimated to support more than 39,000 U.S. jobs[4] and helps raise family incomes throughout the Midwest.

Concurrently, more than 13 states, including the MGA states of Iowa, Illinois and Minnesota, have realized the environmental, economic, and energy security benefits to be gained through increased use of biodiesel, and encourage use of higher biodiesel blends from B2 – B20 through a variety of state policies.

However, these are not decisions that have been entered into lightly. We understand your concerns and requirements to utilize only the highest quality in-spec fuel in your vehicles. We are highly encouraged by the fact that biodiesel fuel quality has made enormous strides over the past ten years. That quality is assured through the stringent biodiesel fuel specifications of ASTM D6751[5] (for B100), D7467[6] (for B6-B20), and D975[7] (up to B5). The growth and momentum of the biodiesel industry's rigorous quality control program, BQ-9000, has also worked to ensure the availability of high-quality biodiesel blends for

[1] 75 Fed. Reg. 14,670, 14,788-14,790 (Mar. 26, 2010); *see also* 40 C.F.R. § 80.1426, Table 1.
[2] 42 U.S.C. § 7545(o)(2)(B)(i)(II).
[3] EPA, *2011 EMTS Data*, Table: Total Production by Fuel Type, http://www.epa.gov/otaq/fuels/rfsdata/2011emts.htm (last updated May 25, 2012).
[4] John M. Urbanchuk, *Economic Impact of Removing the Biodiesel Tax Credit for 2010 and Implementation of RFS2 Targets through 2015* at 6 (June 8, 2011 Revised).
[5] ASTM International, www.astm.org, "ASTM D6751 - 11b Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels"
[6] ASTM International, www.astm.org, "ASTM D7467 - 10 Standard Specification for Diesel Fuel Oil, Biodiesel Blend (B6 to B20)"
[7] ASTM International, www.astm.org, "ASTM D975 - 11b Standard Specification for Diesel Fuel Oils"

your customers. Now more than 81 percent of the biodiesel sold in the U.S. is produced by BQ-9000 certified producers[8], and that volume is advancing steadily toward the industry goal of 100 percent.

We are proud that much of the effort to develop biodiesel into a viable transportation fuel over the last 20 years was conducted in partnership with the auto and engine manufacturers, and supported by farmers, scientists, associations, and elected representatives of the states in the MGA. We sincerely thank you for your past efforts, and now ask for your vision and proactive support for the use of B20 biodiesel blends in all diesel models henceforth.

According to the National Biodiesel Board[9], over 65% of the diesel engine and vehicle manufacturers selling equipment in the U.S. already publicly support the use of B20 biodiesel blends. These companies have thoroughly researched and tested the optimal power and performance characteristics of B20 biodiesel in order to support its use under warranty in their engines, and we applaud them for their leadership in doing so.

For those remaining manufacturers who only publicly support biodiesel in levels of B5 and below, we strongly encourage you to issue public B20 support for your existing equipment, and to design all future equipment for a minimum of B20. As biodiesel use grows in the marketplace, there are significant advantages to ensuring your vehicles are compatible with higher biodiesel blends. This will allow the flexibility to make higher blends available in certain regions of the country based on customer choice and consumer demand.

As Governors, we see increasing the use of biodiesel as an important part of diversifying our nation's energy portfolio. We will continue to encourage policies that will expand consumer access to higher blends of biodiesel. In the foreseeable future, it is likely that all diesel fuel will contain biodiesel at levels over 5%, with a majority containing up to B20. It is our firm belief that companies that support B20 will capture market share from those companies that choose not to support B20—especially in the Midwest.

We look forward to public announcements of B20 support and to receiving confirmation of your support for B20 in all your future diesel offerings.

Sincerely,

Terry E. Branstad
Governor of Iowa & MGA Chair

Mark Dayton
Governor of Minnesota & MGA Vice Chair

[8] National Biodiesel Board, *Quality Assurance*, http://www.nbb.org/results/project-showcase/quality-assurance
[9] National Biodiesel Board, *OEM Support, available at* http://www.biodiesel.org/docs/ffs-engine_manufacturers/oem-warranty-positions.pdf?sfvrsn=4