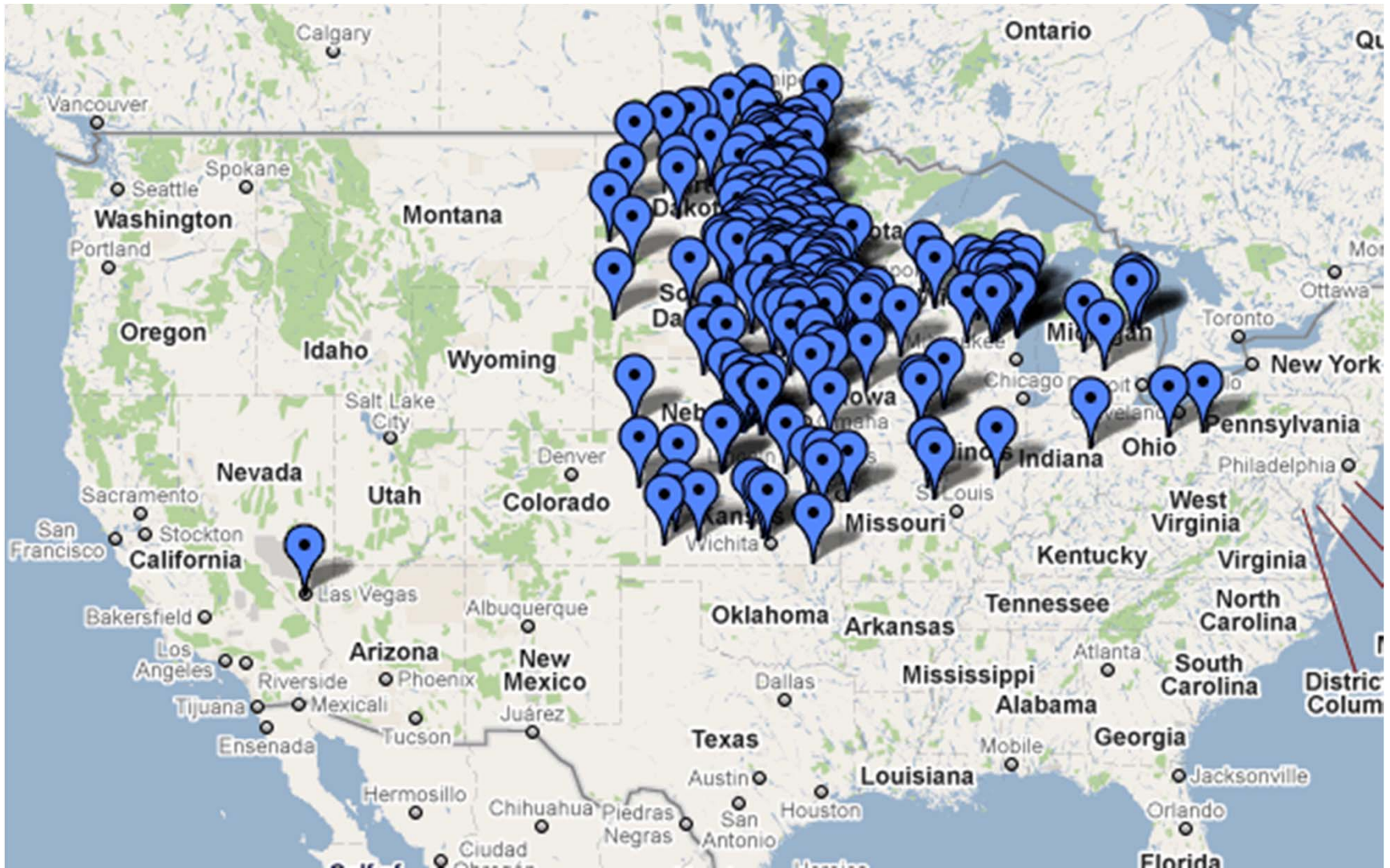


The Case for “Blender Pumps”

Biofuels... Moving Alabama Forward

May 26, 2011 • Florence, Alabama



Source: ACE

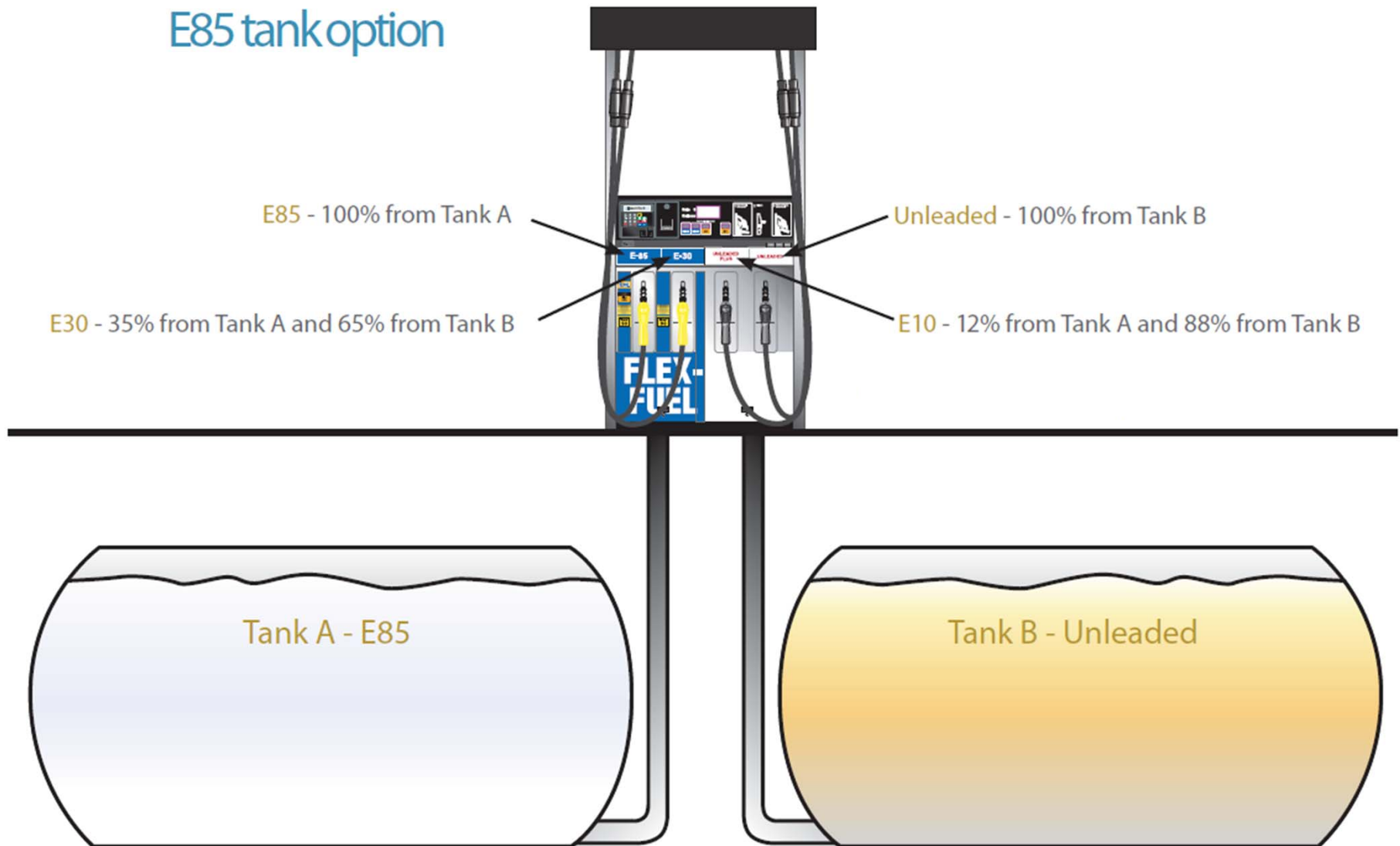
What is a “Blender Pump?”

- Not new technology
- Already found in over half the dispensers in the country
- Offers consumers more choices at the pump
- Dispenser will blend to make various blends of ethanol
- Typically two tanks, process usually uses E10 and E85 or denatured ethanol
- Any blend above E15 is for use in FFV’s only



How does a blender pump work?

E85 tank option





What's in it for station owners?

- More product choices for consumers on same footprint.
- Qualifies for partial federal infrastructure tax credit.
- Typically uses existing tanks and pipes – huge cost savings.
- Ethanol plants can sell direct – bypass terminal markup.
- Flexibility for future approval of mid-level ethanol blends.
- Pump paid for by sale of all products, not just E85.
- Faster inventory turnover, protection against market swings.
- And E15...



What's in it for them?

	Prices	NL	E85	E10	E15	E30
Gasoline	\$3.1000	\$3.1000	\$0.4650	\$2.7900	\$2.6350	\$2.1700
Ethanol	\$2.5500		\$2.1675	\$0.2550	\$0.3825	\$0.7650
Product Cost		\$3.1000	\$2.6325	\$3.0450	\$3.0175	\$2.9350
Fed Tax - Gas	\$0.1840	\$0.1840	\$0.1840	\$0.1840	\$0.1840	\$0.1840
VEETC - Ethanol	-\$0.4500		-\$0.3825	-\$0.0450	-\$0.0675	-\$0.1350
State Tax	\$0.1800	\$0.1800	\$0.1800	\$0.1800	\$0.1800	\$0.1800
TOTAL COST		\$3.4640	\$2.6140	\$3.3640	\$3.3140	\$3.1640

Incentives

Federal

- Alt Fuels Infrastructure Tax Credit – **Expires 12/31/2011**
- VEETC – **Expires 12/31/2011**

State

- Grants
- Tax Credits
- Discounted Motor Fuel Rates/Rebates

Local Opportunities

* Links to all incentives are found at www.BYOethanol.com, drop down menu *Incentives*.

Federal Infrastructure Tax Credit

Options:

1. Standard Dispenser: \$ 17,000
2. “UL” E85 Dispenser: \$ 27,000

*** Tax credit expires December 31, 2011.**

Federal Infrastructure Tax Credit

“UL” E85 Blender Pump Dispenser:

Flex-Fuel add-on: \$ 10,000

¼ of Standard Pump: \$ 4,250

Total E85 Expenses: \$ 14,250

* Tax credit expires December 31, 2011.

Federal Infrastructure Tax Credit

30% of \$14,250 E85 Expenses =

Federal Tax Credit: \$ 4,275

Net cost: **\$ 22,725**

vs. \$17,000 for standard dispenser.

* Manufacturers may offer further discounts, and this does not include potential state & local incentives.

Estimated UL Blender Pump

	Standard Dispenser	UL Blender Pump
MSRP	\$17,000	\$27,000
Federal Tax Credit	\$0	\$4,275
USDA Grant	\$0	\$6,750
NET COST	\$17,000	\$15,975

* Does not include other potential funding sources at state or local level, and does not include potential income from VEETC or RINs.