Ninth Annual Farmer Cooperatives Conference

Bioenergy: Opportunities for Cooperatives in Marketing Ethanol, Biodiesel, and Byproducts

Gary Haer
Vice President Sales and Marketing
Renewable Energy Group
Welcome to Renewable Energy Group, Inc.

• Biodiesel history
  – Farmers cooperative began in early 1900s to add value to farmers grain
  – Soybeans crushed for patented soybean meal; SoyPLUS
  – Methyl ester production as a way to add value to soybean oil
  – West Central began producing and marketing biodiesel in 1996
  – Began designing and building plants for others
  – West Central invested biodiesel into Renewable Energy Group, Inc. in 2006

• Renewable Energy Group, Inc. is only full-service biodiesel company
  – Construction
  – Production
  – Management/Marketing

U.S. Industry Biodiesel Sales

Gallons
Assessing the Market

• Considerations
  – What feedstocks are to be used and where is supply
  – Proximity to other biodiesel producers
  – Where will biodiesel be marketed
  – What transportation systems are available

Transportation/Logistics Mix

• What percentage of plant production will be shipped by truck?
• By rail?
• Barge?
Rail car numbers

- External rail factors
  - Current rail situation
  - Improvements needed
  - Tank car suppliers
  - Lead time required for acquisition of railcars
  - Lease terms

- Internal factors
  - How many cars will be used based on production
  - Percentage of product being shipped by rail

Trucking

- External considerations
  - Local highway systems
  - Weight restrictions on that system
  - Local ordinances on traffic
  - Will road improvements be required? Who will pay for those?

- Internal Considerations
  - Ease of backing, moving semis on the premises
  - Load-out schedule
  - Tank truck cleaning
Freight costs

- Procurement of feedstocks accounts for more than 80% of cost of biodiesel production
- How much does it cost to move from production plant to the targeted markets?
- Who is responsible for the payment of freight bills

REG biodiesel supply chain overview

*$1.00 Tax credit to initial blender - 99.9% biodiesel sold from several REG partner plants.*
REG Has Built A National Distribution System

Maintaining quality through the structure

- BQ-9000 Accreditation
- Heat tracing
- Certified Marketer