

The Honorable Bill Hilty
559 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, Minnesota 55155



March 10, 2010

Chairman Hilty,

On behalf of the American Lung Association in Minnesota (ALAMN), we write to ask for your support of the E85/intermediate ethanol blend/biodiesel infrastructure grant program. ALAMN has been a long-time supporter of E85 and biodiesel, recognizing each as a *Clean Air Choice* that motorists can make today to reduce their impact on the environment and lung health. Since 1998 we have worked with team members, including the State of Minnesota, to build a national pilot market for E85 and flex fuel vehicles, leading the nation with 355 E85 retailers (15% of our service stations), including 52 with ethanol blender pumps. Since the project began, more than \$10 million has been invested by non-state partners to build this fueling infrastructure and provide education to motorists.

Interest in the program continues to be strong. Fifteen sites have received grant funding since August of 2009 and an additional 23 sites have agreements in place for projects to be completed over the next several months. Seven applications were received in February alone. This shows impressive growth, especially at a time of such economic difficulty. Holiday and Kwik Trip, two of Minnesota's largest fuel retailers, continue to add E85 to locations throughout the state whenever possible. A cooperative in southern Minnesota will be adding blender pumps to eight locations this spring.

To date, \$1,161,137 of the \$1.75 million available for E85/biodiesel infrastructure has been spent or reserved through contracts with retailers. Another \$167,600 has been spent or contracted in the blender pump program (\$250,000 total available). In addition, 15 more sites have expressed their intent to apply for funding with expected project costs of \$150,000 in E85 (10 grants) and \$70,791 in blender pumps (5 grants). We expect a further increase in applications as spring construction season comes closer.

The continued development of our biofuels infrastructure brings important economic, energy security and environmental benefits to Minnesota, providing Minnesotans with jobs and supporting Minnesota families, while providing motorists with homegrown choices at the pump. While we understand current budget concerns will require cuts to programs like this one, we request a reduction to the devastating cut proposed so that this important program is allowed to continue.

Thank you for your consideration of this request. Please contact Kelly Marczak at 651.268.7590 should you require additional information.

Sincerely,

Penny Fena
Executive Director
American Lung Association in Minnesota

Kelly Marczak
Director, Clean Fuel & Vehicle Technologies
American Lung Association in Minnesota

Enc: E85/Intermediate Ethanol Blends and Biodiesel Infrastructure Grant Awards: 2007-2010 Summary

E85/Intermediate Ethanol Blends and Biodiesel Infrastructure Grant Awards: 2007-2010

March 10, 2010

E85 & Biodiesel Grants

FY	Funding
08	\$1,500,000.00
09	\$250,000.00

Funding Total \$1,750,000.00

- Spent/Reserved* -\$1,161,136.69

-Indicated Intent to Apply** -\$150,000.00

Remaining funds \$438,863.31

E85/Intermediate Ethanol Blend Grants

FY	Funding
10	\$250,000.00

Funding Total \$250,000.00

- Spent/Reserved* -\$167,599.75

-Indicated Intent to Apply** -\$70,791.00

Remaining funds \$11,609.25

* *Spent/Reserved* indicates completed projects and those with contracts in place and funding reserved.

***Indicated Intent to Apply* indicates projects that have requested application materials; paperwork is in process.

To Date:

The biofuels infrastructure grant program is receiving high interest from fuel retailers.

2008 = 24 grants

2009 = 26 grants

2010 = 15 to-date and 23 additional by year-end. A 46% increase from 2009

In February alone, seven applications have been received and approved for funding.

By the Numbers:

- 355 E85 outlets in Minnesota
- 52 of these sites have blender pumps dispensing blends of E20, E30, E40 and E50
- 15% of Minnesota service stations now offer E85
- Minnesota is a national leader. This position could soon be in jeopardy as other states add funding to grant programs.

State Funding for E85 Grants: IA = \$4,500,000; IL = \$355,000; ND = \$2,000,000; SD = \$1,000,000

- Holiday & Kwik Trip, two of MN's largest retailers, continue to add E85 to new stores whenever possible
- An estimated 225,000 flex fuel vehicles are registered in MN. Ford, GM and Chrysler have pledged 50% of models will be E20 to E85 capable by 2012.

The Need:

- Motorized vehicles are the single largest source of air pollution in Minnesota
- MN is experiencing a significant increase in air quality alerts & advisories
- A single flex fuel vehicle driver using E85 can reduce **4 tons of harmful lifecycle emissions each year**
- Increased availability allows MN FFV driver to use a cleaner burning option
- According to MDA, MN ethanol industry has created **~70,000 jobs** with an economic impact of **\$12 billion**

For more information please contact:

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