

Vermont Biodiesel Workshop

Vermont State House
September 22, 2004

Vermont Fuel Dealers Association

Questions, Issues and Points Worth Mentioning

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

– Supply from reputable suppliers

- Consistently of product specifications
- Will product perform as promised?
- Who pays the bill if it does not? (Insured, Bonded?)
- Are they sufficiently capitalized to provide handle growing volume?
- Inability to deliver as contracted (“Plan B?”)

– Adequate Supply

- Supply from more than one source generally desirable
- Adequate supply = maintain promise to customers
- Multiple sources allows for flexibility in supply disruption (major storms, refinery outages, etc)

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

- Ability to contract with supplier to protect retailer and consumer
 - Necessary component to today's fuel markets
- Blend here vs. Buy Pre-blended?
 - Transportation of B100 to Vermont blending site (truck, rail?)
 - Can Common Carriers accommodate? (additional Tank Trucks?)
 - Handling of B100 (retail need for more tanks, pumps, heated facilities)
 - Capital costs of additional infrastructure: How much?

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

– Buy pre-blended?

- Cost per gallon of pre-blended vs. self-blending
- If self-blending, training or Hazardous Materials requirements?
- Over-The-Road vs. “off-road” (heating oil)
- Tax Collection at the rack for Federal Excise Tax
- Tax Collection at distributor level for State Tax
- Taxation in Vermont for Gross Receipts Tax
- Taxation in Vermont for Petroleum Cleanup Fund?
- Faith in supplier: Will pre-blended “finished” product perform as promised? (what if it does not?)

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

- Conversion of entire product stream, or creation of separate product line?
 - Do I convert my entire customer base to a blend (B20?) or do I offer customers a choice?
 - If I convert....
 - All my fuel to B20, are there performance issues with my customer's equipment that could impact my business? (Equipment Warranties, Seals, etc.)
 - Will I gain or lose customers?
 - Will the change in my fuel spec run afoul of any state, local or federal requirements?
 - If I give customers a choice, what does the additional infrastructure required do to my costs? Can I remain competitive? (Can I afford to do this?)

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

- **Product Uniformity**

- Will everyone selling bio-blend in Vermont offer essentially the same product?
 - i.e., will all “bio-heating oil” sold in Vermont be B10?, B15?, B20? Who or what determines this?
 - How will the customers know who sells what spec? (product labeling?)
- If one dealer is selling B5 bioheating oil and another is selling B30, what happens to the reputation of bio-blends if the B30 supplier has a cold-weather performance issue at 30-below zero, and 500 customers in Chittenden County have no heat the same morning?

Biodiesel and Vermont Fuel Dealers

Questions, Issues and Points Worth Mentioning

- **The Message**
 - Bio-blends must send the message that bio-blend products are real-world products.
 - Bio-blends are not the exclusive domain of the “hobbyist” or “Mad Scientist” types: We are a Mainstream product.
 - Bio-blends are here to stay.
 - Bio-blends cannot afford to have bio-blend enthusiast making claims that cannot be backed up

Vermont Biodiesel Workshop

Vermont State House - September 22, 2004

Vermont Fuel Dealers Association

P.O. Box 60

Manchester Vermont 05254

802.375.0000 www.vermontfuel.com

shanesweet@verizon.net

Questions, Issues and Points Worth Mentioning