

# SANTA BARBARA METROPOLITAN TRANSIT DISTRICT

## *Invitation for Bids for Blended Biodiesel Fuel*

### *Addendum Number 1 - Issued April 27, 2009*

The Santa Barbara Metropolitan Transit District (MTD) herewith issues this Addendum No. 1 to its *Invitation for Bids (IFB) for Blended Biodiesel Fuel*. This addendum highlights specific modifications—other than incidental corrections—to the IFB documents including the *Solicitation Instructions (SI)* and the *Statement of Work (SOW)*. It also includes responses to questions received from interested parties. Except as modified on the attached “tracked” IFB document pages, which are an integral part of this addendum, all other terms and conditions of the IFB remain unchanged.

### **MTD Responses to Written Requests Received from Interested Parties**

#### Requests Received from Falcon Fuels (Paramount, CA)

1. **Reference:** Request for Change to *Statement of Work §2.5.3 Blending & Handling*

**Request:** Most racks require tankers to arrive “empty.” If that is the case, how could it load the biodiesel first and then go to the rack? This requirement should be modified to allow biodiesel to be blended last. Furthermore, in cold weather conditions biodiesel fuel could gel in the empty tank resulting in a poor mix.

**Response:** MTD has modified the *Statement of Work* to make the loading of biodiesel first a preference rather than a requirement. This “preference” is related to the fact that loading the smaller quantity first provides for better blending, particularly with bottom-loading tankers. Regardless of the order, the contractor is still responsible for ensuring that the fuel is adequately blended. To this end, MTD is now requiring the meeting of BQ-9000 requirements documentation in the *Statement of Work*.

**IFB Changes:** SOW: §§1.3, 2.5.3

2. **Reference:** Request for Change to *Statement of Work §5.1 Warranty*

**Request:** We will meet spec, but cannot or will not or don’t know as to the specific engines, warranties, maintenances, etc.

**Response:** MTD has listed the significant engine manufacturer fuel specifications that differ from the ASTM standards in §2.4.2 of the *Statement of Work*. It is MTD’s understanding that meeting these different standards does not present a challenge for the fuel suppliers. Additionally, MTD has provided links to the actual engine manufacturer fuel standard documents in §1.3 of the *Statement of Work* (the Cummins service bulletin on fuels was added to MTD’s website on April 22, 2009). By submitting a bid, a party is agreeing to the warranty terms contained in the *Statement of Work* and the *MTD Master Agreement*.

3. **Reference:** Request for Clarification to *Statement of Work §2.5.2 Feedstock*

**Request:** Feedstock preferences seem inconsistent w/cloud point specified in 2.3 Cold Weather Operability.

**Response:** The maximum cloud point requirements in §2.3 of the *Statement of Work* refer to the final blended product, not the B100. Even using one of the recommended high cloud point recycled feedstocks, the requirements can still be met. However, a sentence has been added to the feedstock specification to indicate that, one, all the other specifications must be met; and two, the feedstocks are “recommended”.

**IFB Changes:** SOW: §2.5.2

4. **Reference:** Request for Clarification to *Statement of Work §4.1.3 Taxes & Exemptions*

Request: Exemption from California excise taxes requires completion and submission of a valid BOE-231-DB form. Exemption from Federal excise taxes requires completion and submission of Federal Excise Tax Certificate.

Response: MTD does not disagree with the above statement and has simply included a requirement in §4.1.3 of the *Statement of Work* that the contractor provide MTD with the requisite forms because of its familiarity with the process and the applicable forms required for exemption.

5. Reference: Request for Clarification to *Statement of Work §4.1.1 Fuel Price Determination*

Request: Is MTD throwing out the use of any Biodiesel Index as the basis for the biodiesel invoice amounts?

Response: Based upon the response to Request #14 below, this question is no longer relevant.

6. Reference: Request for Clarification to *Statement of Work §4.1.1 Fuel Price Determination*

Request: Is there any relationship between B100 market prices and CARB ULSD prices that could justify bidding both from the same index?

Response: Based upon the response to Request #14 below, this question is no longer relevant.

7. Reference: Request for Clarification to *Statement of Work §4.1.1 Fuel Price Determination*

Request: Please clarify who currently supplies MTD with blended biodiesel fuel. What are the current indexes and margins employed? (including freight charges)

Response: SC Fuels currently supplies MTD with blended SME biodiesel fuel. The index for the CARB diesel component of the product is the rack average for the Los Angeles OPIS Gross No. 2 Distillate CARB ULS less a discount of 2.25 cents per gallon. The index for the biodiesel portion of the product is the rack average for the Los Angeles OPIS Gross SME Biodiesel Tax Adjusted Market Index for B99 with no margin. MTD pays a separate transportation charge of 9.41 cents per gallon on top of the index prices.

#### Requests Received from IPC USA (Irvine, CA)

8. Reference: Request for Clarification to *Statement of Work §3.1.2 Estimated Volume & Frequency*

Request: What are the tank capacities and quantities?

Response: MTD has one 20,000 gallon underground storage tank and typically consumes 2,200 gallons on a weekday. See §3.1.2 of the *Statement of Work* for more detailed consumption information.

9. Reference: Request for Clarification to *Solicitation Instructions*

Request: Is Certificate of Analysis & MSDS required in bid submittal?

Response: No, neither a Certificate of Analysis nor an MSDS are required in the bid submittal. By submitting a bid, a party is representing that it can provide the fuel specified in the *Statement of Work*. However, MTD has decided to modify the *Statement of Work* to require the submittal of an MSDS prior to the first fuel delivery; and a COA with each fuel delivery.

IFB Changes: SOW: §2.6.1

10. Reference: Request for Clarification to *MTD Master Agreement*

Request: What are the supplier's obligations to fulfill orders in the event SBMTD has not paid within reasonable time of terms?

Response: If MTD does not comply with the 30-day payment terms stipulated in paragraph 8 of the *MTD Master Agreement*, then it is technically in breach of the contract in which case the Contractor is under no

requirement to fulfill their contractual obligations including fuel delivery. Of course, this applies for either party not adhering to the Agreement terms. However, the Agreement contains both dispute and termination clauses with language meant to resolve non-compliance issues without or before resorting to extreme measures such as contract termination or legal action.

11. Reference: Request for Clarification to *Solicitation Instructions §4.5 Contract Award*

Request: I wanted to confirm how you saw the methodology working for a fixed price offering on the ULSD portion of the bid. The best way for Santa Barbara MTD to get the most economic price is to be able to respond quickly within 24 hours or so. When putting together a fixed price there are future options (NYMEX) that have to be bought and put together with the physical to come up with the fixed price. Due to the volatile nature of the screen most counterparties are only allowing a window of short timing and when the screen is open as well.

Response: Please note that §4.5 of the *Solicitation Instructions* states that “MTD will make every effort to award the contract within 24 hours of bid opening.” MTD will likely need the entire 24 hours in order to review the “responsiveness and responsibility” of the low bidder. To this end, it is extremely important that bidders fully and accurately provide and complete the required documents and forms. Ensuring that correct contact names and phone numbers are provided for credit and work references will greatly expedite this process. Calling your references ahead of time and letting them know to expect a call from MTD also helps.

Requests Received from SC Fuels (Orange, CA)

12. Reference: Request for Change to *Statement of Work*

Request: Fixed pricing requires a minimum commitment to 42,000 gallons of CARB ULS per month. Can you commit to a specific gallon commitment of that or more?

Response: No, MTD will not contractually commit to a monthly minimum. Attached to this addendum is a spreadsheet indicating MTD’s fuel consumption since 2007, which indicates MTD’s consistent usage over time. Due to an expected 2% transit service increase expected this summer, MTD’s projected consumption over the next year is 630,000 gallons. For B20, this equates to 504,000 gallons of CARB ULS, which by coincidence works out to 42,000 gallons per month, the volume of one futures contract. However, due to the timing of fuel orders and a varying MTD service level by time of year, there will be some months when purchases exceed and others when purchases fall below 42,000 gallons. But over the course of the year, these will largely offset one another—as should any futures contract hedging profit or loss resulting from MTD’s variance from the 42,000 per month.

13. Reference: Request for Change to Statement of Work and/or MTD Master Agreement

Request: Will you accept a “take or pay” clause?

Response: It is assumed that a “take or pay” clause refers to MTD paying for any fuel below a contractual minimum, whether delivery is taken or not. No, MTD will not accept such a clause as it is predicated on MTD guaranteeing a minimum monthly purchase quantity, which it is not doing. See Request #13 above for further related discussion.

14. Reference: Request for Change to Statement of Work §4.1.1 Fuel Price Determination

Request: Would you consider changing the escalator on the biodiesel pricing? Biodiesel is currently running at a \$0.55 premium to ULSD. This is very high but real for today. Your differential would be set, even when they get closer in price. Maybe OPIS Gross Multi Biodiesel Tax Adjusted Market Index?

Response: MTD is extremely concerned about reliance upon a biodiesel price index for which there is little volume and/or few reporting suppliers, which conceivably results in an index level that is not truly reflective

of current market prices and potentially subject to price manipulation. This was the basis for establishing the CARB ULS OPIS index as that to be used for setting the biodiesel margin in the original IFB. Yet, bidder reluctance to accept the latter index is also understood by MTD, given the lack of a strong correlation between petroleum diesel and biodiesel prices. In order to overcome these issues, MTD proposes the usage of the *Biodiesel B100 West* index listed under the *Key Renewable Fuels Regional Averages* that is reported weekly in the *OPIS Ethanol & Biodiesel Information Service* newsletter. A copy of the report page from the April 20 edition is included as an attachment to this addendum. Essentially, it is a multiple feedstock index that covers all biodiesel pricing for five western states. The dollar blender's tax credit will need to be deducted from this index prior to establishing the bidder margin.

IFB Changes: SI: §3.3, Price Form; SOW: §4.1.1

#### Requests Received from Imperial Western Products (Selma, CA)

15. Reference: Request for Clarification to *Solicitation Instructions §4.5 Contract Award*

Request: If we show an aggressive fixed price and we get the bid/are awarded the bid will we be given a PO on that same day so we have some security when we go to fix the price with our suppliers or on the futures market?

Response: Please note that §4.5 of the *Solicitation Instructions* states that "MTD will make every effort to award the contract within 24 hours of bid opening." The contract will be executed immediately upon contract award. Necessary portions thereof can be provided via e-mail or fax as the requisite security. See Request #11 above for further clarification.

16. Reference: Request for Clarification to Statement of Work §4.1.1 Fuel Price Determination

Request: Additionally, the biodiesel portion of the fixed price contract is a floating price correct?

Response: Yes, as stipulated throughout the IFB and this addendum, the price of the biodiesel portion of any biodiesel blend delivered will be based upon the bid margin to the specified OPIS price index.

17. Reference: Request for Change to Statement of Work §4.1.1 Fuel Price Determination

Request: Are you sure you want a price on B100? Since it will be blended with diesel the \$1.00/gallon tax credit will be taken by the blender of record (in this case your supplier). I would think you would want a price on B99.9.

Response: Regardless of whether referring to biodiesel in the IFB as B100, B99 or B99.9, given that MTD will only be taking delivery of blended fuel it is assumed that bids received will take into account the dollar blender's tax credit. In clarification of this point, language has been added or modified in various sections of the IFB, including the *Price Bid* form.

IFB Changes: SI: §3.3, Price Form; SOW: §§4.1.1, 4.1.3

#### Other Significant Modifications to the IFB Documents

1. Issue: MTD is changing the bid due date and time from Tuesday, April 28 at 2 PM to Wednesday, May 6 at 11 AM. The contract award date will correspondingly be moved back one day to Thursday, May 7.

IFB Changes: SI: §3.4, 6

2. Issue: MTD strongly desires to fix the cost of the CARB diesel for the contract period to enable more accurate budgeting for transit service planning purposes. To this end, MTD is requiring that bidders submit a fixed ULSD price and has relegated the index-based ULSD floating price to an option.

IFB Changes: SI: §3.3, Price Bid form; SOW: §4.1.1

**Invitation for Bids for Blended Biodiesel Fuel*****SOLICITATION INSTRUCTIONS*****Solicitation Summary Sheet**

**Solicitation Name:** Blended Biodiesel Fuel

**Solicitation Issuance Date:** Tuesday, April 7, 2009 (revised April 27, 2009)

**Solicitation Description:** Supply of approximately 630,000 gallons of CARB ULSD B20-blended with biodiesel up to a maximum of 20% (i.e., B20) to on-site 20,000 gallon UST through periodic truck delivery over one-year period.

**Delivery/UST Location:** 550 Olive Street, Santa Barbara, CA 93101

**Pre-Bid Meeting Date/Time:** none

**Pre-Bid Meeting Location:** not applicable

**Bid Due Date/Time:** ~~Tuesday~~Wednesday, April 28~~May 6~~, 2009 at 211:00 ~~PM~~AM (local time)

**Bid Submittal Location:** 550 Olive Street, Santa Barbara, CA 93101

**Include with Bid:** See page 2 of *Solicitation Instructions* (**bids submitted without required items are non-responsive & may be rejected**).

**Contract Award Date:** ~~Wednesday~~Thursday, April 29~~May 7~~, 2009 by 211:00 ~~PM~~AM (local time)

**Contract Period:** One-Year Period from June 2009 – May 2010 (projected)

**Solicitation Contact:** Brad Davis, Assistant Controller, (805) 883-4201, bdavis@sbmtd.gov

**Type of Contract:** Indefinite Quantity; combination Firm Fixed Price ~~or~~and Indexed Price

**Bonding Required:** none

**Solicitation Cost Estimate:** none provided

general overall picture of the firm. If a large entity, information on the division of the firm that would be responsible for the project should be emphasized. Please limit such information to a maximum of two pages.

Description of Subcontractors or Suppliers—Bids shall include a description of all significant subcontractors or suppliers. Provide the same information as that described above for the bidding firm. At a minimum, this must include the anticipated ULSD and B100 producers, BQ-9000 certified firm, and fuel delivery firm. Please limit information to a maximum of one page for each entity.

Certificate of Liability Insurance—Bids shall include a Certificate of Liability Insurance form or its equivalent prepared by the Bidder's insurance agent or broker showing its evidence of insurance coverage. Such form must indicate that the Bidder meets the minimum coverage stipulated in paragraph 18 of the MTD Master Agreement. (If awarded the contract for the project, the Bidder shall be required at that time to name MTD as an additionally insured for appropriate policies.)

BQ-9000 Producer or Marketer Certification—Bids shall include a copy of the BQ-9000 Producer or Marketer for the relevant firm(s). The *Statement of Work* specifies that the B100 shall be manufactured at a facility at which the producer has a current *BQ-9000 Producer* certification (includes provisional status) issued by the National Biodiesel Accreditation Commission (NBAC); or be distributed by a company that has a current *BQ-9000 Marketer* certification issued by the NBAC.

CARB Alternative Diesel Formulation Certification (if applicable)—If the ULSD fuel to be provided under the bid does not comply with CARB requirements but has been approved by CARB as an alternative diesel fuel formulation, Bids shall include a copy of the applicable CARB certification.

### 3.3 MTD FORMS & CERTIFICATIONS

Price Bid—Bids shall include the fully completed Price Bid form included in this IFB showing the total estimated compensation for carrying out the project under the terms of the one-year contract. MTD is requiring that bidders submit ~~two pricing options with their bid: one pricing option~~ based on a fixed ULSD price per gallon and a floating ~~B100-B99~~ biodiesel price per gallon, with the latter calculated as a fixed ~~premium-margin (premium or discount)~~ to an OPIS ~~CARB-ULS~~biodiesel benchmark; ~~and the other~~. The Price Bid form also includes a pricing option based on floating prices for both the ULSD and the B100B99, each with their own separate premium-(or discount)margin to separate the-OPIS CARB-ULS benchmarks-(MTD understands that OPIS tracks biodiesel prices; however, limited transaction volume appears to inhibit timely price discovery). However, given MTD's preference for a fixed price for budgeting purposes, failure to provide a fixed ULSD price on the bid form will render the bid non-responsive and will result in its rejection.

The specific index that will be used on the Price Bid form (and for contract invoices) for the floating B99 biodiesel price is the Biodiesel B100 West index listed under the Key Renewable Fuels Regional Averages that is reported weekly in the OPIS Ethanol & Biodiesel Information Service newsletter.

The specific index that will be used on the *Price Bid* form (and for contract invoices) for the optional floating CARB diesel price is the OPIS ~~daily-Daily G~~ross ~~C~~ontract ~~A~~verage ~~R~~ack ~~P~~rice for Los Angeles No. 2 *CARB ULS* (note that this is the benchmark issued each weekday at 9:59 AM eastern time, not the "closing" price issued at 5:59 PM).

~~Bidders shall use~~ The applicable benchmark index prices issued by OPIS on ~~Friday, April 24~~ Monday, May 4, 2009, shall be used for costing out ~~applicable portions of their bids and determining the low bidder.~~ In comparing fixed ~~and floating~~ ULSD prices to the optional floating prices during bid evaluation, MTD will estimate the floating price using the average of the NYMEX heating oil futures closing prices on ~~Friday~~ Monday, April 21 ~~May 4,~~ 2009, for ~~May-June~~ 2009 to ~~April-May~~ 2010.

MTD, as a public transit bus operator, is exempt from both the State of California Diesel Fuel Tax of \$0.18 per gallon; and the Federal Excise Tax on Diesel Fuel of \$0.244 per gallon. Bidders shall be certain to **include** these exemptions, as well as all applicable biodiesel-associated credits, into account in establishing their bid price.

Acknowledgement of Addenda—Bidders shall acknowledge the receipt of each individual addendum in their proposals by including the fully completed *Acknowledgement of Addenda* form included in this IFB. Failure of a bidder to receive any addendum shall not relieve it from any obligation under its proposal or under the IFB as clarified or modified. Failure to acknowledge receipt of addenda may disqualify the bid.

Bidder Information—Bids shall include the fully completed *Bidder Information* form included in this IFB.

References, Suppliers & Subcontractors—Bids shall include the fully completed *References, Suppliers & Subcontractors* form included in this solicitation. Please be certain to list appropriate and current contact names and phone numbers for all parties.

Lobbying Certification—Because this is a federally funded project that will result in a total contract amount exceeding \$100,000, the FTA requires bidders to complete, sign and include within their bid the *Lobbying Certification* form included as an attachment to these instructions. Essentially, signing this certification means that the bidder/contractor agrees not to use federal funds to influence federal officials; and that if non-federal funds are used for the lobbying of federal officials, the stipulated form describing such activities will be submitted to MTD. Note that the *FTA Contract Provisions for Federal Fiscal Year 08/09* included in this solicitation (and any contracting resulting therefrom) includes additional lobbying-related contract language.

### **3.4 BID SUBMISSION & OPENING**

One (1) original and two (2) complete copies of each bid shall be submitted in a non-transparent, sealed envelope or appropriate packaging plainly marked on the exterior with the name of the bidder and the following: "Blended Biodiesel Fuel Bid" If using a delivery service, bids must still be enclosed in the specified packaging within the delivery service packaging. These requirements also apply to any bid modifications (described in the next section). Bids shall be delivered to: Santa Barbara Metropolitan Transit District, Attn: Brad Davis, 550 Olive Street, Santa Barbara, CA 93101

Bids will be accepted until **211 PMAM**, local time, on **ThursdayWednesday, April 23May 6**, 2009. Bids received after that time shall not be accepted and will be returned unopened to the sender. All bids received by the bid submission deadline will be opened and read aloud at an open public meeting immediately following the bid submission deadline.

### **3.5 MODIFICATION OR WITHDRAWAL OF BIDS**

A bidder may modify or withdraw a submitted bid anytime prior to the bid submission deadline. Modifications shall be submitted in writing in the same form and manner as the original bid. A bidder may withdraw a bid already received by MTD prior to the bid due date/time by submitting to MTD a written request for such withdrawal executed by the bidder's authorized representative. After the bid submission deadline, a bid may be withdrawn only if MTD fails to award the Contract within the validity period stipulated on the *Price Bid* form or any agreed upon extension thereof. The withdrawal of a bid prior to the bid submission deadline does not prejudice the right of a bidder to resubmit a bid by the deadline.

### **3.6 LIMITATIONS**

The following limitations apply to this solicitation:

of bid opening. If considered in MTD's best interest, the MTD General Manager will award a contract to the responsive and responsible bidder that has submitted the lowest price bid.

#### 4.6 CONTRACT EXECUTION

The contract will be executed as soon as practical after contract award and receipt of any required bidder bonding, insurance or other documents. The contract shall be composed of the *MTD Master Agreement*, the *FTA Contract Provisions for Federal Fiscal Year 08/09*, the *Statement of Work*, and relevant portions of the Contractor's bid. In all cases, the most recent versions of the preceding documents—including any addenda thereto—shall be used in the final and binding agreement.

### 5. PROTEST PROCEDURES

Procurement protest procedures have been established to ensure uniform, timely, and equitable consideration of all complaints received by MTD concerning its procurement activities. The MTD Procurement Officer is responsible for the conduct and administration of procurement protests pursuant to the procedures established in the MTD Procurement Manual. Procurements involving FTA funds are subject to additional protest procedures established by that agency. A copy of MTD's Procurement Protest Procedures are included as an attachment to ~~this~~ *IFB Process & Instructions* document.

### 6. SOLICITATION SCHEDULE

The following schedule has been established for this solicitation. MTD reserves the right to modify this schedule if it is in its best interests to do so. If modified, MTD shall provide e-mail notice of such to all parties known to have received copies of the solicitation.

<u>ACTIVITY</u>	<u>DATE (TIME)</u>
IFB Public Notice/Issuance	Tuesday, April 7, 2009
Bid Deadline & Public Opening local time) (at MTD Administrative Office, 550 Olive Street, Santa Barbara, CA 93101)	<del>Tuesday</del> <u>Wednesday, April 28</u> <del>May 6</del> , 2009 ( <del>211:00 PM</del> <u>AM</u> )
Contract Award	<del>Wednesday</del> <u>Thursday, April 29</u> <del>May 7</del> , 2009 (by <del>211:00 PM</del> <u>AM</u> local time)
Project Implementation Period	<del>May-June</del> 2009 – <del>April</del> <u>May</u> 2010

### 7. LIST OF ATTACHMENTS

#### 7.1 IFB PROCESS & INSTRUCTIONS ATTACHMENTS

Attached directly hereto and part of these *Solicitation Instructions* ~~document~~ are forms and certifications associated with ~~the process of~~ preparing and submitting bids. Note that the first form, *Request for Clarification, Change or Approved Equal*, is to be used prior to bid submittals. All other forms and certifications should be included as part of the bid. ~~Also included is a copy of MTD's protest procedures.~~

- *Request for Clarification, Change or Approved Equal* (form)
- *Price Bid* (form)
- *Acknowledgement of Addenda* (form) [if any addenda issued]
- *Bidder Information* (form)
- *References, Suppliers & Subcontractors* (form)
- *Lobbying Certification*
- *MTD Protest Procedures*

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**

**Invitation for Bids for Blended Biodiesel Fuel**

**PRICE BID**

<b>Fixed CARB ULSD Price &amp; Floating <del>B100-B99</del> Biodiesel Price</b>		
CARB Ultra-Low Sulfur Diesel Fixed Price Per Gallon		
OPIS <del>Gross Daily Contract Rack Price for Los Angeles No. 2 CARB ULS Diesel</del> <u>Key Renewable Fuels Regional Averages for West Biodiesel B100</u> (for <del>April 24</del> <u>May 4</u> , 2009)		\$1.40000 <del>td</del>
<u>Federal Blender's Tax Credit</u>		<u>(1.00)</u>
<u>OPIS West Biodiesel B100 Index Price Net of Blender's Tax Credit</u>		
<u>Margin (Premium (or Discount) to <del>above</del> OPIS West Biodiesel Price for <del>B100-B99</del> Biodiesel</u>		
Fuel Transportation & Delivery Fee Per Gallon		
<b>Estimated Dollar Value of One-Year Contract</b>		
Estimated ULSD Consumption in Gallons (85% of 630,000) and <u>Resulting ULSD</u> Cost	535,500	
Estimated B100 Consumption [B5 for 4 months & B20 for 8 months = B15] (15% of 630,000)	94,500	
Estimated Fuel Delivery Fee (cost not subject to sales tax)	630,000	
State & Federal Environmental Fees Per Gallon	\$0.00339	
Santa Barbara County Sales Tax	8.75%	
Total Estimated Contract Value <u>at Current OPIS Price</u>		

<b>Floating CARB ULSD Price <u>Option</u> &amp; Floating B100 Biodiesel Price</b>		
OPIS Gross Daily Contract Rack Price for Los Angeles No. 2 CARB ULS Diesel (for <del>April 24</del> <u>May 4</u> , 2009)		\$1.40000 <del>td</del>
Premium (or Discount) to above OPIS Price for CARB Ultra-Low Sulfur Diesel		
<u>Premium (or Discount) to above OPIS Price for B100 Biodiesel</u>		
<u>Fuel Transportation &amp; Delivery Fee Per Gallon</u>		
<b>Estimated Dollar Value of One-Year Contract</b>		
Estimated ULSD Consumption (85% of 630,000)	535,500	
Estimated B100 Consumption [B5 for 4 months & B20 for 8 months = B15] (15% of 630,000)	94,500	
Estimated Fuel Delivery Fee (cost not subject to sales tax)	630,000	
State & Federal Environmental Fees Per Gallon	\$0.00339	
Santa Barbara County Sales Tax	8.75%	
Total Estimated Contract Value at Current OPIS Price		

The Bidder hereby represents and warrants that:

1. Its price bid reflects: that MTD is exempt from the State of California Diesel Fuel Tax of \$0.18 per gallon and the Federal Excise Tax on Diesel Fuel of \$0.244 per gallon; and all available biodiesel fuel credits.
2. It has sufficiently informed itself in all matters affecting the performance of the work, or the furnishing of the labor, supplies, material, or equipment called for in carrying out the project and associated Agreement.
3. Its bid has been thoroughly checked for errors and omissions and the costs, prices, hours, rates, and any other constituents of this Price Bid are a complete and correct statement of its price for performing all project work required by the Agreement.
4. Its bid is genuine, not sham or collusive, nor made in the interest of any person not herein named; that it has not in any illegal manner sought to secure for itself any advantage over any other bidder.
5. Its bid, including this Price Bid, is valid for 24 hours following the bid due date and time.

\_\_\_\_\_  
Authorized Official Signature

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Authorized Official Name

\_\_\_\_\_  
Authorized Official Title



# ***Blended Biodiesel Fuel***

## ***Statement of Work***

*Version 1.02.0  
Issued April 727, 2009*

Santa Barbara Metropolitan Transit District  
550 Olive Street • Santa Barbara, CA 93101  
Phone: (805) 963-3364 • Fax: (805) 963-3365 • Website: [www.sbmtd.gov](http://www.sbmtd.gov)

## 1.0 PROJECT SUMMARY & GENERAL REQUIREMENTS

### 1.1 PROJECT SUMMARY

The Santa Barbara Metropolitan Transit District (MTD) desires to purchase blended biodiesel fuel and have it delivered to its on-site underground storage tank for usage by its fleet of public transit buses powered by diesel engines (the "project"). To meet this desire, Contractor shall supply, sell and deliver to MTD "CARB" diesel fuel blended with B100 biodiesel up to a maximum of 20% by volume on an "as needed" basis with an expected annual volume of 630,000 U.S. gallons. Contractor shall provide the blended fuel in the industry standard load size of approximately 7,500 gallons within 48 business weekday hours of order by MTD. All fuel delivered to MTD by Contractor shall meet or exceed applicable government agency and ASTM standards in effect at the time of delivery.

### 1.2 LIMITATIONS OF STATEMENT OF WORK

This Statement of Work does not necessarily include a full and complete description of all required parts, materials, resources, services, or processes required to fulfill the project. Information provided in this Statement of Work is provided only for those materials, procedures, and values that are considered key to achieving the overall goals and objectives of the project. Contractor is expected to be experienced in and adhere to the customs of the trade. Any substantive deviations from such customs shall have been explicitly identified to MTD in Contractor's bid and either accepted or rejected prior to the award of the Agreement for the project.

### 1.3 REFERENCE DOCUMENTS

The following documents, some of which are copyrighted and may require fees to access, are incorporated herein this Statement of Work and considered an integral part thereof. The Contractor is expected to have access to, be familiar with, and adhere to these documents and any revisions or updates thereto unless specified otherwise herein.

- *Standard Specification for Diesel Fuel Oils*, American Society of Testing and Materials (ASTM) Designation D 975 – 08a
- *Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels*, ASTM Designation D6751 – 08
- *Standard Specification for Diesel Fuel Oil, Biodiesel Blend (B6 to B20)*, ASTM Designation: D 7467 – 08
- *Standards for Diesel Fuel*, California Code of Regulations Title 13, Division 3, Chapter 5, Article 2, §§2281 – 22850
- *Engine Requirements — Lubricating Oil, Fuel, and Filters*, Document DDC-SVC-BRO-0001, Detroit Diesel Corporation, 2009 [<http://www.ddcsn.com/cps/rde/xbcr/ddcsn/DDC-SVC-BRO-0001.pdf>]
- *Fuels for Cummins Engines*, Service Bulletin 3379001-17, Cummins Inc., January 10, 2009 [<http://www.sbmtd.gov/CurrentProcurements.htm>]
- *BQ-9000 Quality Management System Producer Requirements*, National Biodiesel Accreditation Commission, Revision 6, February 1, 2009 [<http://www.bq-9000.org/documents/default.asp>]
- *BQ-9000 Quality Management System Marketer Requirements*, National Biodiesel Accreditation Commission, Revision 6, February 1, 2009 [<http://www.bq-9000.org/documents/default.asp>]
- *Biodiesel Handling and Use Guide (Fourth Edition)*, Report NREL/TP-54043672, U.S. Department of Energy, National Renewable Energy Laboratory, Golden, CO, revised January 2009 [<http://www.nrel.gov/vehiclesandfuels/npcf/pdfs/43672.pdf>]

some of those contained in the engine manufacturer documents cited in Section 1.3 Reference Documents above are as follows:

- Distillation temperature min and max for various recovery rates (ASTM only at 90% recovery)
- Minimum Cetane Number of 43 (exceeds ASTM D 975 standard of 40)
- Maximum HFRR wear scar diameter (lubricity) of 460 microns (exceeds ASTM standard of 560)
- Minimum SLBOCLE Lubricity Value of 3,100 grams (not an ASTM D 975 standard)
- API gravity at 60°F of between 33 and 38 (not an ASTM D 975 standard)

## 2.5 BIODIESEL & BLENDING

### 2.5.1 B100 Requirements

MTD has demanding emission and performance requirements that dictate an exacting and consistent biodiesel specification so as to achieve reliable results. Should a problem arise, MTD must have the ability to ascertain the source of the problem and be able to rule out biodiesel as the root cause. This biodiesel specification provides MTD with the necessary quality control measures. In addition to the previously cited ASTM standards, all B100 biodiesel provided under this Agreement shall:

- Be compatible for use with all types of diesel engines including those manufactured by Cummins and Detroit Diesel. The biodiesel and biodiesel blend shall in no way harm MTD diesel engines.
- Be manufactured at a facility at which the producer has a current *BQ-9000 Producer* certification (includes provisional status) issued by the National Biodiesel Accreditation Commission (NBAC); or be distributed by a company that has a current *BQ-9000 Marketer* certification issued by the NBAC.
- Be free of contamination resulting in bacteria or condensation. If bacteria are present, the appropriate treatment shall be applied to the biodiesel at contractor's expense.
- Be filter cleaned to 3 microns or less at the processing plant as it is loaded for delivery to the terminal; and be filtered to 10 microns on transfer from storage tanks to truck for delivery to MTD.
- Be no older than four (4) months from the date of production at the time of delivery.
- Be clear, bright, and visually free from undissolved water, sediment, and suspended matter.

### 2.5.2 Feedstock

The use of domestic feedstock grown on non-food producing land is highly encouraged. Subject to meeting all of the requirements of these technical specifications, the recommended feedstock should also include the maximum use of residual/waste products from sources such as used domestic cooking oils, animal rendering processes, etc.

### 2.5.3 Blending & Handling

Biodiesel blending and handling shall conform to industry standard, applicable requirements in the most recent revision of the BQ-9000 Quality Management System Marketer Requirements issued by the National Biodiesel Accreditation Commission, and applicable recommendations in the most recent edition of the *Biodiesel Handling and Use Guide* issued by the U.S. Department of Energy. Below are requirements or recommendations that MTD considers of particular importance, which may be in addition to or supersede industry standard and/or the cited DOE Guide recommendations and requirements:

- Either splash or in-line (injection) blending are acceptable methods of creating the biodiesel blend, except in no case shall blending first occur as it is loaded into the MTD UST.
- If blending is first achieved through loading of the delivery truck, it is preferred that the B100 shall always be loaded in each compartment in the appropriate volume prior to the ULSD being loaded. Regardless of order, Contractor is responsible for ensuring product is blended and tested per the documents cited herein.

- The B100 shall be transferred using clean, dedicated hoses that are properly labeled.
- All fuel transfers, regardless of stage, shall be metered and not measured by weight.

## 2.6 **CERTIFICATIONS, SAMPLING & TESTING**

### 2.6.1 **Contractor Requirements**

Prior to the first fuel delivery under the Agreement, Contractor shall provide MTD with any appropriate Material Safety Data Sheets (MSDS) for the product(s) being delivered. Additionally, so as to rule out biodiesel as the cause of any problems, Contractor shall be responsible for ensuring that fuel samples are obtained and handled as specified below:

- Samples shall be in one-quart volumes stored in a container appropriate for later lab testing.
- Samples shall be retained and available to MTD for a period of 30 days following delivery.
- One sample of the blended fuel shall be taken from the middle of a delivery truck compartment at the time of delivery.
- If blending is through loading of the delivery truck (i.e., fuel is not pre-blended), a sample of the B100 shall also be taken at the time the biodiesel is loaded into the delivery truck.

Contractor shall also obtain the Certificate of Analysis (COA) for the specific biodiesel lot used for each blend delivered to MTD. A copy of each such COA shall be provided to MTD via a method to be mutually agreed upon between Contractor and MTD.

### 2.6.2 **MTD Fuel Conformity Testing**

MTD shall have the right and may perform random sampling of Contractor-delivered fuel for determining conformity with these technical specifications. Such sampling and testing shall be undertaken at MTD's sole discretion and cost. MTD shall only use qualified third-party laboratories to perform such analysis. Laboratory findings of non-conformity with the specification shall be considered a breach of contract subject to the termination provisions contained in the Agreement as a result of:

- Two (2) successive failures to meet these technical specifications; or,
- Three (3) failures to meet these technical specifications in any 12 month period;

## 3.0 **ORDERING & DELIVERY**

### 3.1 **ORDERING FUEL**

#### 3.1.1 **Method & Hours**

Contractor shall provide MTD with a phone number, web site, or other appropriate and reliable means for ordering fuel as needed. At a minimum, such ordering system shall be capable of accepting orders on all non-federal holiday weekdays between 8:00 AM and 5:00 PM Pacific Time. MTD shall only order fuel in full load capacities (approximately 7,500 gallons). MTD shall ensure that the UST to be loaded by Contractor contains adequate available capacity to fully receive the load.

#### 3.1.2 **Estimated Volume & Frequency**

MTD estimated annual fuel consumption is 630,000 gallons based on an approximate weekday service level usage of 2,200 gallons, Saturday usage of 1,000 gallons, and Sunday usage of 800. Given MTD's single 20,000 gallon UST and restriction of delivery to non-holiday weekdays, delivery loads will be required approximately every three weekdays. These volume figures are estimates only and subject to change. MTD is under no obligation purchase a minimum annual volume under the Agreement.

## 3.2 DELIVERY

### 3.2.1 Location, Timeframe & Hours

Contractor shall deliver all fuel orders to MTD at 550 Olive Street, Santa Barbara, CA no later than two (2) non-federal holiday weekdays following receipt of such order from MTD. Contractor shall make a concerted effort to restrict delivery times to non-federal holiday weekdays between 8:00 AM and 4:00 PM Pacific Time. Given the MTD facility layout and workflow, deliveries at any other time are extremely inconvenient and greatly discouraged. Contractor or its agent shall contact MTD by telephone in advance for deliveries expected outside of this timeframe. Under no circumstances will deliveries be received by MTD between the hours of 12:00 AM and 5:00 AM except in an emergency and specifically approved in advance by MTD.

### 3.2.2 Driver Requirements

Contractor shall require delivery truck driver to physically "stick" the UST and print the Veeder Root tank gauge report before unloading fuel in order to verify adequate UST unused capacity. Driver shall also print a tank gauge report after unloading is complete. MTD shall provide the measurement stick and instructions for report printing. Driver shall attach both tank gauge reports to the delivery receipt. Upon completion of fuel unloading, driver shall obtain a receiving signature from MTD's Materials Manager or another Maintenance Department staff member in his absence. It shall be the responsibility of the driver to actively seek such personnel. Only when such personnel are not available shall other MTD employees sign the receipt. One copy of the MTD-signed delivery receipt that contains industry standard fuel receipt information shall be left with the MTD signer. All delivery receipts require a valid MTD employee signature.

## 4.0 PRICING & TAXES

### 4.1.1 Fuel Price Determination

The ULSD portion of each fuel delivery shall be based on the fixed price per gallon submitted with the Contractor's bid. The ~~B400-B99~~ biodiesel portion of each fuel delivery shall be based on the OPIS ~~benchmark-index~~ price per gallon stipulated below ~~adjusted by the margin plus (or minus) the fixed (premium (or discount) submitted with the Contractor's bid. (OR IF MTD SELECTS THE FLOATING ULSD PRICE OPTION, THE PRECEDING LANGUAGE WILL BE REPLACED WITH THE FOLLOWING)~~ The ULSD portion of each fuel delivery shall be based on the OPIS benchmark price per gallon stipulated below ~~adjusted by the margin plus (or minus) the fixed ULSD (premium (or discount) submitted with the Contractor's bid. The B400-B99 biodiesel portion of each fuel delivery shall be based on the OPIS benchmark price per gallon stipulated below adjusted by the margin plus (or minus) the fixed B400 (premium (or discount) submitted with the Contractor's bid. (one of the two pricing methods will be selected by MTD)~~

~~The Oil Price Information Service (OPIS) index that shall be used for B99 is the Biodiesel B100 West index listed under the Key Renewable Fuels Regional Averages that is reported each Monday in the OPIS Ethanol & Biodiesel Information Service newsletter. Such index shall be applicable for deliveries from the Monday of the report until the following Sunday. (IF MTD SELECTS THE FLOATING ULSD PRICE OPTION, THE PRECEDING LANGUAGE WILL BE APPENDED WITH THE FOLLOWING)~~ The ~~Oil Price Information Service (OPIS)~~ benchmark that shall be used for ~~(both ULSD and) B100~~ is the daily gross contract average rack price for Los Angeles No. 2 CARB ULS for the day that the fuel is loaded in the delivery truck (note that this is the benchmark issued each weekday at 9:59 AM eastern time, not the "closing" price issued at 5:59 PM).

Contractor shall include a copy of the applicable OPIS report with each invoice. Additional payment procedures are contained in the MTD Master Agreement.

### 4.1.2 Delivery Charge

Transportation and delivery charges shall be segregated from and not included in the fuel price per gallon discussed in Section 4.1.1 above. Contractor shall be reimbursed for all transportation and delivery charges at the fixed price per gallon submitted with its bid as listed on the Price Bid form.

### 4.1.3 Taxes & Exemptions

Due to its status as a California special district public transit operator, MTD is exempt from both the State of California Diesel Fuel Tax of \$0.18 per gallon; and the Federal Excise Tax on Diesel Fuel of \$0.244 per gallon. Invoices shall take these exemptions and the Federal biodiesel "blenders" tax credit of \$1.00 per gallon, as well as any applicable biodiesel-associated credits, into account. MTD is subject to all other applicable fees and taxes, which shall be included on each billing invoice. Current billable fees and taxes and the appropriate rate include ~~the following~~:

Santa Barbara County Sales Tax	8.75%
California Oil Spill Fee	\$0.00119 per gallon
Federal LUST Fee	\$0.00100 per gallon
Federal Environmental Fee	\$0.00120 per gallon

Contractor shall provide MTD with any required exemption forms to prevent inclusion of exempt taxes on Contractor billings. In instances where Contractor is at fault for inclusion of inapplicable fees or taxes on billings, MTD shall have the right to adjust the payment for such billings to remove such charges.

## 5.0 WARRANTY

### 5.1 WARRANTY DESCRIPTION

Contractor shall warrant that fuel delivered to MTD under this Agreement is compatible for use with diesel engines, including Cummins and Detroit Diesel engines, and shall not harm MTD diesel engines. Contractor agrees to reimburse MTD for damages to vehicles, engines or any vehicle systems caused by Contractor fuel that does not comply with the Statement of work and the Technical Specifications.

### 5.2 DEFINITION OF DAMAGES

Damages shall be defined as MTD incurring any costs as a result of actions on the part of the Contractor including the delivery of inappropriate fuel into MTD fuel storage tanks. Specific damages may take the form of, but are not limited to, costs incurred by MTD for removal of inappropriate fuel from MTD storage tanks and storage tank fuel plumbing or lines; repair of any vehicular component necessitated by filling or operating such vehicle with inappropriate fuel; or vehicular mishaps including accidents involving third-parties as a result of operating a vehicle on inappropriate fuel.

### 5.3 REPAIR OF DAMAGES

MTD reserves the right to perform the work or contract with a third party to perform the work with reimbursement by the Contractor for all reasonable expenses. MTD shall be reimbursed by the Contractor for labor performed by MTD for repair of damages at the straight-time wage plus forty percent (40%). MTD shall be reimbursed by the Contractor for materials required to correct damages at the full invoice cost of such parts, including taxes and freight, plus five percent (5%). MTD shall be reimbursed by the Contractor for third party repairs at the full invoice cost plus five percent (5%).

**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
**Fuel Consumption History**

<b>Total Fuel Delivered During Month (actual)</b>				
Sum of Gallons	Year			
Month	2007	2008	2009	Grand Total
January	45,250	45,028	52,765	143,043
February	45,007	59,929	52,446	157,382
March	60,099	52,079	52,576	164,754
April	51,281	52,534		103,815
May	52,755	52,223		104,978
June	52,502	52,444		104,946
July	44,788	52,230		97,018
August	66,846	44,873		111,719
September	44,596	52,316		96,912
October	59,717	59,698		119,415
November	44,809	44,823		89,632
December	52,530	52,608		105,138
Grand Total	620,180	620,785	157,787	1,398,752
Average	51,682	51,732	52,596	
Months <42k Gal	0	0	0	

<b>ULSD Delivered for B5 Blend (hypothetical)</b>				
Sum of B5	Year			
Month	2007	2008	2009	Grand Total
January	42,988	42,777	50,127	135,891
February	42,757	56,933	49,824	149,513
March	57,094	49,475	49,947	156,516
April	48,717	49,907		98,624
May	50,117	49,612		99,729
June	49,877	49,822		99,699
July	42,549	49,619		92,167
August	63,504	42,629		106,133
September	42,366	49,700		92,066
October	56,731	56,713		113,444
November	42,569	42,582		85,150
December	49,904	49,978		99,881
Grand Total	589,171	589,746	149,898	1,328,814
Average	49,098	49,145	49,966	
Months <42k Gal	0	0	0	

<b>ULSD Delivered for B20 Blend (hypothetical)</b>				
Sum of B20	Year			
Month	2007	2008	2009	Grand Total
January	36,200	36,022	42,212	114,434
February	36,006	47,943	41,957	125,906
March	48,079	41,663	42,061	131,803
April	41,025	42,027		83,052
May	42,204	41,778		83,982
June	42,002	41,955		83,957
July	35,830	41,784		77,614
August	53,477	35,898		89,375
September	35,677	41,853		77,530
October	47,774	47,758		95,532
November	35,847	35,858		71,706
December	42,024	42,086		84,110
Grand Total	496,144	496,628	126,230	1,119,002
Average	41,345	41,386	42,077	
Months <42k Gal	6	8	1	



# Ethanol & Biodiesel Information Service

Daily Pricing, News and Analysis for Buying and Supplying Ethanol-Blended Fuel and Biodiesel

Volume 6, Issue 16

Monday, April 20, 2009

## Ethanol Futures

	May 09	June 09	July 09	August 09
CBOT	157.30	158.80	160.80	162.10
BM&F	ND	ND	ND	ND
Settlement Thurs., April 16, 2009 Sources: Chicago Board of Trade; Brazilian Mercantile & Futures Exc.				

## Ethanol & Gasoline Component Spot Market Prices

(prices in U.S. \$/gal.)

### New York

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.5900-1.6100	1.6100-1.6400	1.6200-1.6400	1.6400-1.6700	1.62750
RBOB Unl Holiday		1.3532-1.3632	1.3576-1.3676	1.4243-1.4343	1.4518-1.4618	1.40173
RBOB Pre Holiday		1.4982-1.5082	1.4876-1.4976	1.5818-1.5918	1.6093-1.6193	1.54923
CBOB Unl Holiday		1.3582-1.3682	1.3651-1.3751	1.3968-1.4043	1.4318-1.4418	1.39266
CBOB Pre Holiday		1.4632-1.4732	1.4601-1.4701	1.5643-1.5743	1.5618-1.5718	1.51735
Unleaded Holiday		1.3532-1.3632	1.3576-1.3676	1.3893-1.3968	1.4243-1.4343	1.38579

### Gulf Coast

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.6300-1.6500	1.6700-1.6900	1.6800-1.7000	1.6500-1.6800	1.66875
B100 SME Holiday		2.6000-2.7000	2.6000-2.6700	2.6000-2.6800	2.6200-2.7000	2.64625
RBOB Unl Holiday		1.4182-1.4282	1.4176-1.4226	1.4043-1.4143	1.4418-1.4468	1.42423
RBOB Pre Holiday		1.5582-1.5682	1.5526-1.5636	1.5368-1.5528	1.5728-1.5778	1.56035
LSCBOB Unl Holiday		1.4292-1.4392	1.4241-1.4351	1.4133-1.4293	1.4493-1.4543	1.43423
LSCBOB Pre Holiday		1.5542-1.5642	1.5491-1.5601	1.5333-1.5493	1.5693-1.5743	1.55673
Unleaded Holiday		1.3682-1.3807	1.3641-1.3751	1.3493-1.3543	1.3793-1.3843	1.36941

### Dallas

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.5900-1.6400	1.5900-1.6400	1.6000-1.6400	1.6100-1.6500	1.62000

### Tampa

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.6800-1.7100	1.6900-1.7100	1.6900-1.7100	1.6900-1.7200	1.70000

### Chicago

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.5300-1.5700	1.5500-1.5700	1.5600-1.5700	1.5600-1.5700	1.56000
B100 SME Holiday		2.5000-2.5500	2.5000-2.6000	2.5000-2.6000	2.5000-2.6200	2.54625
RBOB Unl Holiday		1.4707-1.4732	1.4576-1.4676	1.4343-1.4368	1.4693-1.4743	1.46048
RBOB Pre Holiday		1.7107-1.7132	1.6976-1.7076	1.6343-1.6368	1.6668-1.6768	1.68048
Unleaded Holiday		1.3957-1.3982	1.3826-1.3926	1.3618-1.3643	1.3918-1.4018	1.38610
CBOB Unl Holiday		1.3907-1.3932	1.3776-1.3876	1.3568-1.3593	1.3868-1.3968	1.38110

### Los Angeles

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Ethanol Holiday		1.6400-1.6700	1.6900-1.7200	1.6800-1.7150	1.6900-1.7000	1.68813
CARBOB - R Holiday		1.5782-1.5882	1.5826-1.5926	1.5718-1.5818	1.5968-1.6068	1.58735
CARBOB - P Holiday		1.7082-1.7182	1.7126-1.7226	1.6918-1.7018	1.7168-1.7268	1.71235
Unleaded Holiday		1.4682-1.4732	1.4701-1.4801	1.4518-1.4618	1.4968-1.5068	1.47610

### U.S. RINs

	Friday 04/10	Monday 04/13	Tuesday 04/14	Wednesday 04/15	Thursday 04/16	Wkly. Avg.
Current Yr Holiday		0.0925-0.1000	0.0975-0.1000	0.1000-0.1025	0.1050-0.1075	0.10063
Previous Yr Holiday		0.0475-0.0525	0.0475-0.0525	0.0475-0.0525	0.0500-0.0525	0.05031

### Brazil

Anhydrous Ethanol, FOB Santos 1.34-1.36 (4/16/09)

## Ethanol Market Overview: Ethanol Remains on the Range

Not unlike petroleum markets, ethanol spot markets traded in a relatively narrow band over the last week. Still, ethanol spot markets were only sporadically active, despite better blending economics for ethanol and government numbers that indicated a healthy dose of discretionary use.

By Thursday, Chicago ethanol for April traded \$1.56-\$1.57/gal – right about where near-term deals concluded a week ago. Spot gasoline last at \$1.41/gal in the Windy City also indicated that once the federal blender credit was factored in, ethanol would run 29.5cts cheaper than gasoline.

The numbers for the East Coast and its swath of newer blending markets were not quite as favorable for ethanol, but indications were that on a spot basis, blending economics remained profitable. April ethanol barge prices to New York Harbor worked up from some of their more depressed levels, going from a deal at \$1.63/gal Thursday to a last midmarket \$1.655/gal. At that price, given Harbor spot unleaded around \$1.36/gal, ethanol held a 15.5cts cost advantage to gasoline due to the federal blender credit.

Meantime, despite slack on-road fuel demand, weekly DOE data showed healthy discretionary ethanol blending. The agency reported 4.109 million b/d of conventional gasoline blended with ethanol last week, which, while down almost 1.6% week-to-week from last week's record high, was the second-highest level ever and up 38% compared to the same week last year.

At the same time, DOE figures had ethanol blended into reformulated gasoline running relatively stagnant, at 3.088 million b/d for the week, just 1.4% ahead of a year ago.

Still, market sources did not report ethanol buyers scrambling for material, in fact some maintained spot demand remained rather dull even with the rash of plant shutdowns and output pullbacks.

Some players pointed to the possibility of EPA boosting allowable ethanol blend levels this year, but just when and if the agency gives the go-ahead to E12 or E13 blending is up in the air.

EPA published a formal notice acknowledging that it received a request for a Clean Air Act waiver to blend up to 15% ethanol into gasoline, opening up the issue for public comment.

The agency must decide on the waiver application within 270 days. Since it was received on March 6, EPA must grant or deny the application by Dec. 1, 2009.

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# National Renewable Fuel Averages

<b>Ethanol Spot</b> 165.500	<b>Ethanol Rack</b> 173.711	<b>Ethanol Blended Rack Gasoline (5.7%)</b> 155.193	<b>Ethanol Blended Rack Gasoline (10%)</b> 149.967	<b>E85 Racks</b> 172.497	<b>E85 Retail (w/tax)</b> 195.880	
<b>Biodiesel B100</b> 321.757	<b>Biodiesel B20 w/ULSD</b> 172.240	<b>Biodiesel B20 w/LSD</b> 198.366	<b>Biodiesel B5 w/ULSD</b> 158.723	<b>Biodiesel B5 w/LSD</b> 163.778	<b>Biodiesel B2 w/ULSD</b> 156.764	<b>Biodiesel B2 w/LSD</b> 162.294

## Key Renewable Fuels Regional Averages

Region	Ethanol Spot	Ethanol Rack	Ethanol Blended Rack Gasoline (5.7%)	Ethanol Blended Rack Gasoline (10%)	E85 Racks	E85 Retail (w/tax)	Biodiesel B100	Biodiesel B20 w/ULSD	Biodiesel B20 w/LSD	Biodiesel B5 w/ULSD	Biodiesel B5 w/LSD	Biodiesel B2 w/ULSD	Biodiesel B2 w/LSD
<b>NORTHEAST</b> 	165.500	174.650	--	149.889	178.140	184.524	340.352	176.127	209.000	163.674	182.690	164.462	181.225
<b>SOUTHEAST</b> 	165.500	184.479	--	148.081	224.450	198.900	351.315	158.777	248.695	150.747	162.130	152.380	161.030
<b>GULF COAST</b> 	166.500	176.889	--	150.978	172.473	174.724	267.778	143.425	155.185	144.925	144.500	146.400	144.440
<b>MIDWEST</b> 	156.500	168.574	149.250	148.377	166.444	181.214	300.623	166.613	156.150	152.923	157.374	152.424	152.921
<b>ROCKIES</b> 	166.500	175.379	--	157.352	--	200.914	314.000	178.900	183.750	166.015	--	157.240	--
<b>WEST</b> 	169.500	176.375	158.164	152.566	166.945	253.900	338.696	190.617	--	172.206	159.685	164.620	--

### Understanding & Profiting from RINs: Compliance & Opportunity (Webinar Rebroadcast)

Learn everything you need to know about EPA's complex Renewable Identification Number (RIN) system in just 90 minutes. Hear from four of the industry's leading renewable fuels authorities and discover how to get the most out of your ethanol and biodiesel blending while ensuring you're in compliance. Visit <http://www.opisnet.com/rins/a1540r.html> to download your copy now.