Minnesota E85 Test Market

Update & Possible Lessons for H2 Development
NREL H2 Refueling Infrastructure Lessons Learned Workshop
Sacramento, CA – April 3, 2008

Tim Gerlach
American Lung Association of the Upper Midwest
Illinois – Indiana – Iowa – Minnesota North Dakota – South Dakota - Wisconsin
651.227.8014 • CleanAirChoice.org
Minnesota E85 Market

- E10 statewide, year-around since 1997.
- 1997-98: Selected as national pilot market by USDOE, Ford, NEVC, MN Corn, state agencies, ethanol producers, ALAMN.
- ‘E85 Team’ housed at/staffed by ALAMN
- ~355 stations today . . . By 2012?
Minnesota Clean Air Choice Team

MN Corn Growers Association
MN Soybean Growers Association
MN Dept of Commerce Energy Division
MN Dept of Agriculture
General Motors Corporation
National Ethanol Vehicle Coalition
US Dept of Energy Clean Cities
American Lung Association of MN

Others have assisted including fuel producers, fuel suppliers, foundations, fleets, Ford Motor Company and several state and federal government entities
Cities marked in red indicate E85 stations

For Minnesota E85 Information: www.CleanAirChoice.org
800-LUNG-USA (In Minnesota) or 651-227-8014
For E85 Stations Across the USA: Www.E85Fuel.com or 877-485-8595
Growth of Minnesota E85 Sales

Sources:
MN Dept. of Commerce Energy Division; American Lung Association of MN; MN E85 Team – www.CleanAirChoice.org
Our Approach

Personnel & funding focused on:

- Assist retailers with grants
- Assist in technical, marketing & trouble-shooting
- Public policy issues
- Build consumer awareness
  - Earned media (publicity)
  - Paid media (advertising)

Name it, we’ve tried it

Investment: ~$9 million-plus over 9 years

Print, Radio, TV, Billboards, Pro baseball & basketball, college hockey, special events & stunts, fuel give-aways, direct-mailings, wrapped vehicles, banners, parades, presenting anywhere and everywhere; race car sponsors, coupons, ultra-marathon runner, Twin Cities marathon water stop, school events, church events; Earth Day events, zamboni ads, bus ads, airport ads, online contests, conversions, dealer contests, fuel cards, state fair displays, frequent-use contests, etc.
~85% of Minnesota motorists claim to be ‘very’ or ‘somewhat’ familiar with E85

- ALAMN survey, June ‘07
E-85 flap fuels governor's race

By DON DAVID and SCOTT WENTE
Forum Communications

ST. PAUL — A lieutenant governor candidate saying she knew nothing about corn-based E-85 fuel could spell the difference in a tight Minnesota governor's race.

"If the election is very close, yes, that could make a difference," said Jim Danielson, a Minnesota State University Moorhead political science professor and pollster.

When an Alexandria, Minn., television reporter asked Democratic lieutenant governor candidate Judi Dutcher about E-85, she said that she "can't even comment on it, I'm sorry. It's like you've asked me the college quiz bowl question. What is E-85?"

The answer is that E-85 is a blend of 85 percent ethanol, usually made from corn, and 15 percent gasoline. Minnesota's 200-plus E-85 pumps are more than the rest of the country combined.

Ethanol is important in western and southern Minnesota, where candidates are concentrating much of their attention in the campaign's waning days.

Judi Dutcher looks at DFL governor candidate Mike Hatch, right, during a Monday rally to launch a statewide tour. Dutcher, Hatch's running mate, is under fire for not knowing about E-85, an ethanol-based fuel.

"It would be different if this were some nuanced issue or some obscure issue," Pawlenty added.

will limit the Hatch campaign. However, he quickly added, it won't ruin the Hatch-Dutcher ticket's chances.

to the Hatch-Dutcher ticket, its politically conservative rival organization didn't let the DFL candidates off the hook.
Observations

- Petroleum prices outweigh all other factors
- Progress slower than expected – Quickening
- UL issue slowed E85 growth in some areas
- Local champions imperative to success
- Major step: ‘Converting’ premium/midgrade pumps – E85 outselling those at most outlets
- Source of fuel supply makes a big difference
Retail Case Study:
Holiday Stationstores

One-third of Minnesota motorists view Holiday Stationstores as the E85 leader.

- ALAMN survey, Feb ‘07
Holiday Example

- Terminal; transports
- Commands a price due to its large E10 volume
- No false expectations
**“Partial” Conversion**

1999: ~$10,000

**Complete Install**

2007: ~$40,000
Challenges of Success

• We often think too small.
• Nay-sayers will always be there.
• Stay in game long enough for the world to catch up.
• Are we ready for success?

Our vision: navigate, adapt & maintain
30,000-ft View

• Research/planning are vital; but eventually somebody has to “Just Do It.”

• No one wants to be first in failure

• When ahead of the curve – Many claim it can’t be done.

• Certainty: Energy costs will continue to rise and technology will continually evolve.

• If it’s too complicated, it will not work.

• Biofuels are one solution along a development pathway.
E85 in MN vs. H2

• E85. Very similar to gasoline.
• E85. Similar supply/stations/distribution.
• E85. Vehicles – inexpensive & production scalable.
• E85. Fuel cost competitive with 87-octane gasoline.
• Market Acceptance: We weren’t ready for success in 2006 – Nor, the negativity of today.
• Funding has always been biggest battle.
• $9M invested in 9 years in consumer education, management, infrastructure (grants + cost share).
• $30M would complete MN E85 fueling network.
American Lung Association of the Upper Midwest

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