

Betting on bio

Sprague moves petroleum supply into the future with opening of biofuel terminal

On March 30, Sprague Energy celebrated the opening of the company's first biofuel facility at its Albany, N.Y., terminal.

New York Gov. George E. Pataki, speaking at the event said, "We recognize the need to reduce our dependence on imported energy and this new facility shows that this vital energy transition is not only possible, but already underway."

Also speaking were John McClellan, president and CEO of Sprague Energy, Peter R. Smith, president of the New York State Energy Research and Development Authority, New York State Agriculture Commissioner Patrick H. Brennan and Rensselaer County Executive Kathy Jimino.

Sprague's entry into biofuel marketing is enabling home-heating and diesel-fuel retailers throughout Upstate New York, Vermont and Western Massachusetts to supply a precisely blended biofuel product to their customers. Sprague has a strong history of clean fuels marketing, adding biofuel to a product line that includes ultra-low-sulfur diesel and E85 fuels.

"Energy is one of America's foremost and most complex challenges," said McClellan. "While high prices capture most of the attention today, sustainability, reliability and reducing pollution are critical as well. Biofuels are produced in America from renewable agricultural commodities and they reduce harmful emissions, which will help provide us and generations that follow us with cleaner air to breathe. Sprague has chosen to take a leadership position in this important developing market because it is the right thing to do, for New York, for America and, indeed, for the global environment."

This addition to Sprague's product offering comes at a perfect time for New York state. Through Executive Order No. 142, Gov. Pataki has directed state agencies and authorities to diversify transportation fuels and heating oil through the use of biofuels in state vehicles and buildings. Sprague's Albany biofuel facility will enable the state to meet the executive order and allow the general public



John McClellan, CEO of Sprague Energy, at podium, New York Gov. George Pataki, left, and Peter R. Smith, president and CEO of the New York State Energy Research and Development Authority, back, were on hand and spoke at the opening of Sprague's new facility in Albany, N.Y.

Photo by Dave Campbell

to make the transition to using biofuel in their diesel-powered vehicles and home-heating systems.

Sprague's Albany terminal, which also stores approximately 40 million gallons of traditional petroleum fuels, stores 40,000 gallons of pure biofuel (also referred to as "neat," or B100). The biofuel is blended with diesel fuel (biodiesel) for over-the-road applications and No. 2 heating oil (bioheat) for residential and commercial heating applications. The biofuel content is typically 2 percent, 5 percent or 20 percent of the blended fuel.

In the past, handling, blending and delivering biofuel had been expensive and challenging relative to the same processes for fossil fuels. The terminal infrastructure required to bring the fuels together properly was not available. Biofuel marketers used archaic "splash blending" techniques where the biofuel and regular petroleum distillate were pumped into a tank truck, usually at two



A Sprague driver loads blended bioheat product into a delivery truck as event attendees look on. Photo by Dave Campbell



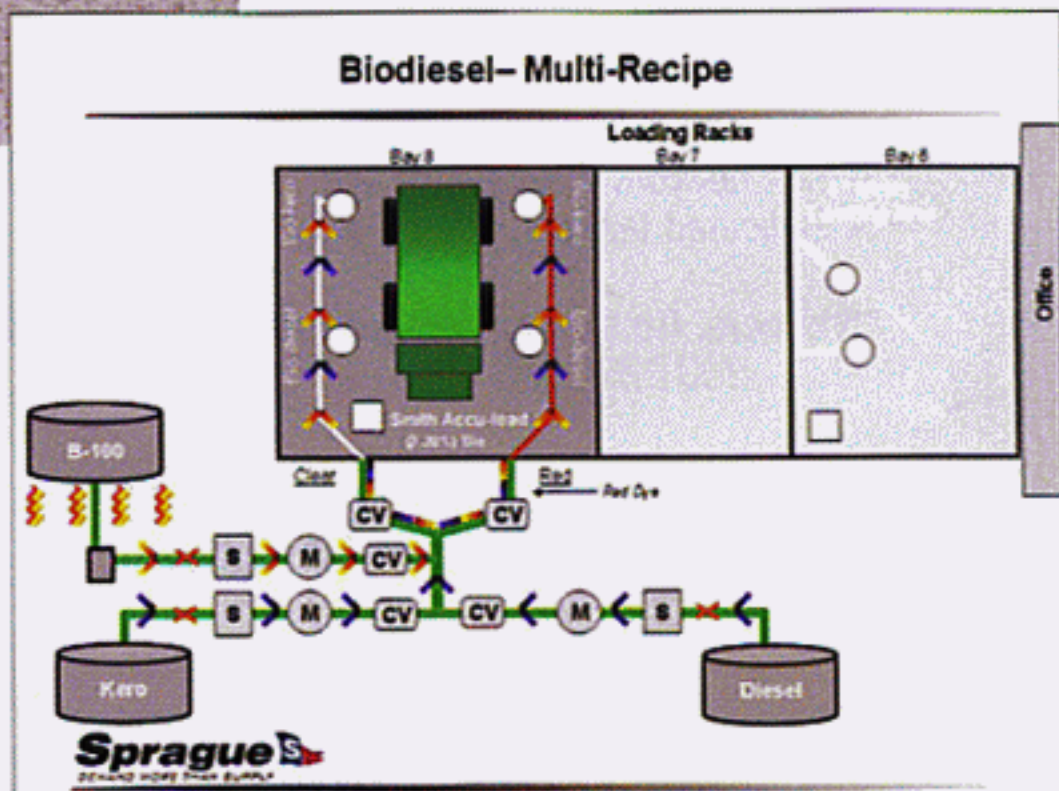
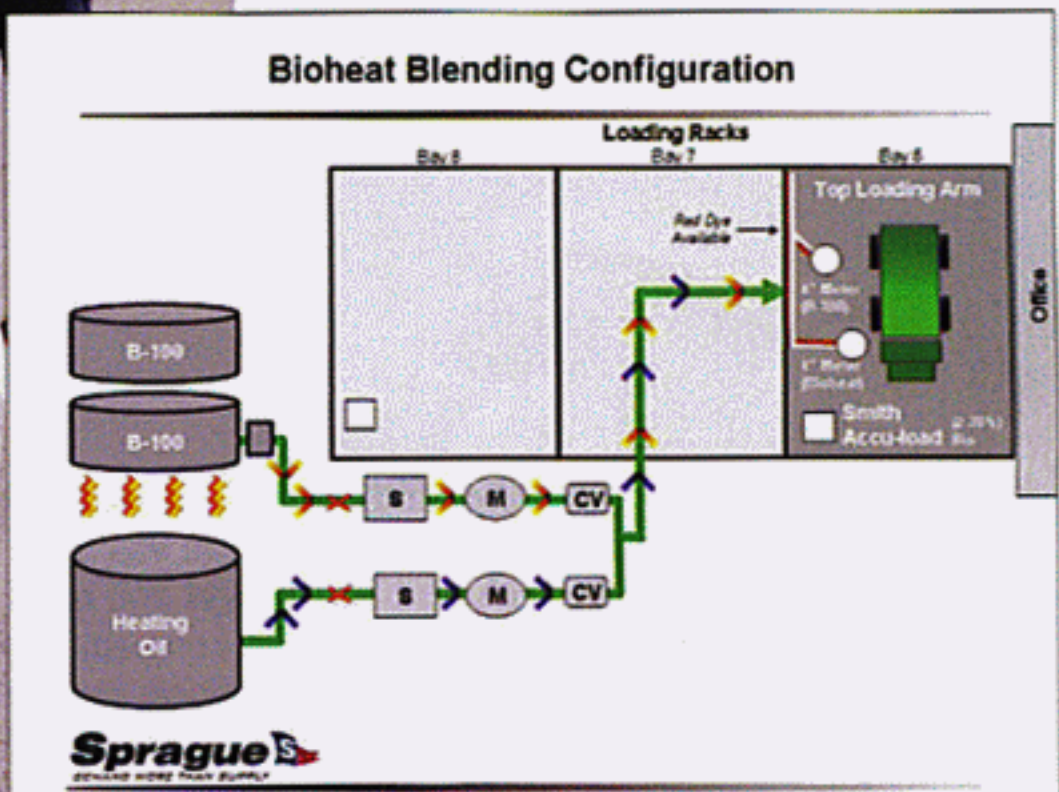
Harry R. Hicks, in sunglasses, CEO of H.L. Fuel Co., Inc., West Lebanon, N.Y., and his manager of operations, Francis Liebenow, right, questions Sprague regional managers about the biofuel products. H.L. Fuel expects to market a 2-percent bioheat blend next season and eventually increase it to 5 percent. H.L. Fuel has already bought futures contracts for next heating season that include bioheat fuels. Photo by Dave Campbell

different locations, adding time and costs to the process, and also threatening the quality of the product because of the inconsistent blending efficiency.

Injecting biofuel with Sprague's automated biofuel rack-blending system saves time and money as the biofuel is mixed precisely with the fuel oil as the truck fills.

"Our controlled storage environment keeps the biofuel at the precise temperature," said Tim Keaveney, marketing manager at Sprague Energy, "enabling it to blend in perfect unison with fuel oil, resulting in a biofuel product that meets our customers' usage standards."

Every gallon of Sprague biofuel meets ASTM D 6751, the quality assurance standard enacted by The American Society of Testing and Manufacturing and endorsed by the National Biodiesel Board. Sprague Energy will continue working with the NBB as it opens similar facilities in New York City and Long Island later this year. Sprague also has plans to extend its biofuel product elsewhere in its geographic footprint. | F O N



Top: Bioheat Blending Configuration

Bottom: Biodiesel Multi-Recipe