



Biodiesel Cost Fundamentals
And Buying Strategies
Graham Noyes
February 4, 2008
NBB Convention
Gaylord Palms, Florida

Legal Spiel



My Perspective on Pricing

Imperium Renewables Inc.

- 100 MG Grays Harbor plant in Pacific Northwest
- Multi Feedstock Capable
- Water Based Logistics- Panamax Scale

World Energy Alternatives LLC

- Production in Lakeland, Florida
- Sourcing from Dow and many others
- Aggressive pursuit of DESC, other bids

Goals of Presentation

- Producer Perspective on Forward Cost
- Marketer Perspective on Forward Cost



- Pricing Structures to Reduce Your Cost
- Implications of Tailoring Your Bid

Producer's Cost

PRODUCTION

FEEDSTOCK

LOGISTICS



Marketer/Distributor's Cost

- Forward Symmetrical Buy
- Playing the Market
- Sole Source
- Structure of Purchase



Pricing Structures



- Feedstock Basis
 - ✓ CBOT Soy
 - ✓ Winnipeg Canola
 - ✓ Jacobsen YG
- Biodiesel Posting
 - ✓ OPIS
 - ✓ AFI
- Diesel Posting
 - ✓ OPIS Rack
 - ✓ Platts
- Fixed Price Biodiesel

Feedstock Index



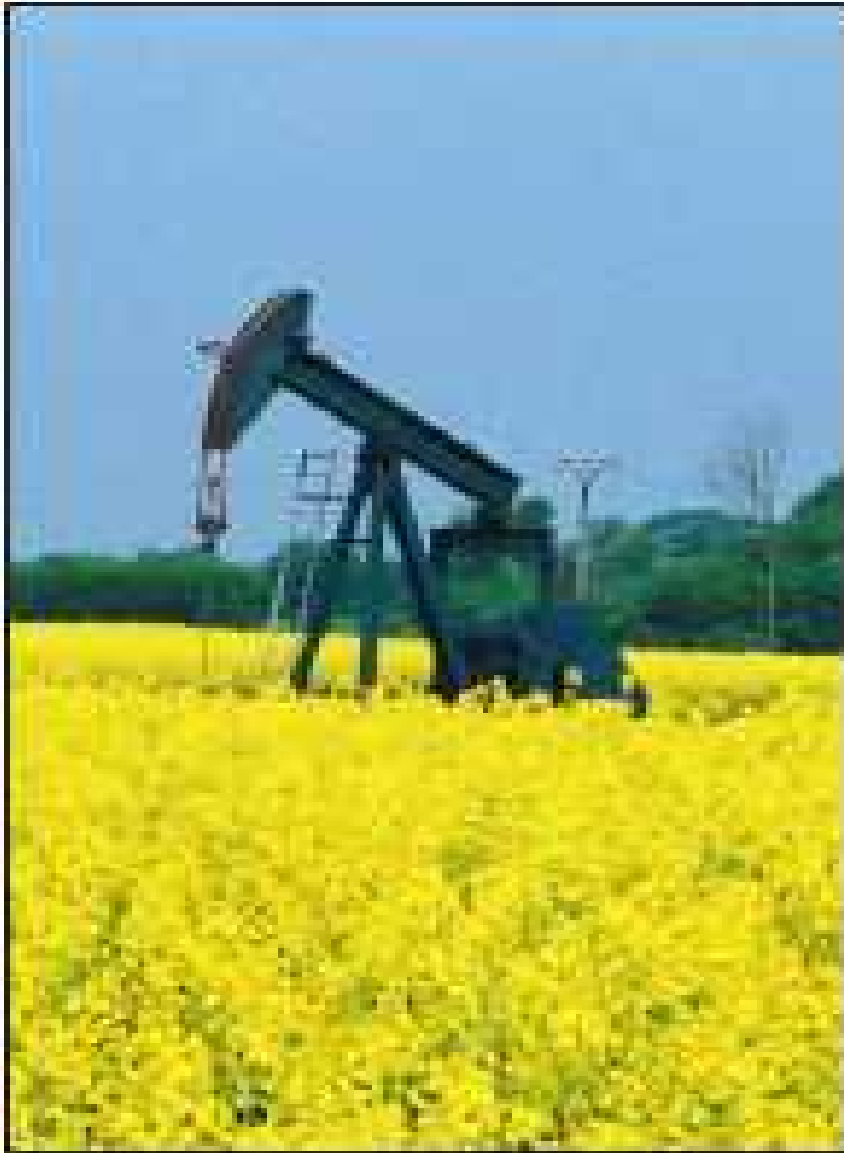
- Which feedstock?
- What index?
- Pros
 - ✓ Primary true cost
 - ✓ Potential for savings
 - ✓ Risk Diversification
- Cons
 - ✓ Soy oil outperforming crude
 - ✓ Volatility
 - ✓ Unfamiliar risk

Biodiesel Index



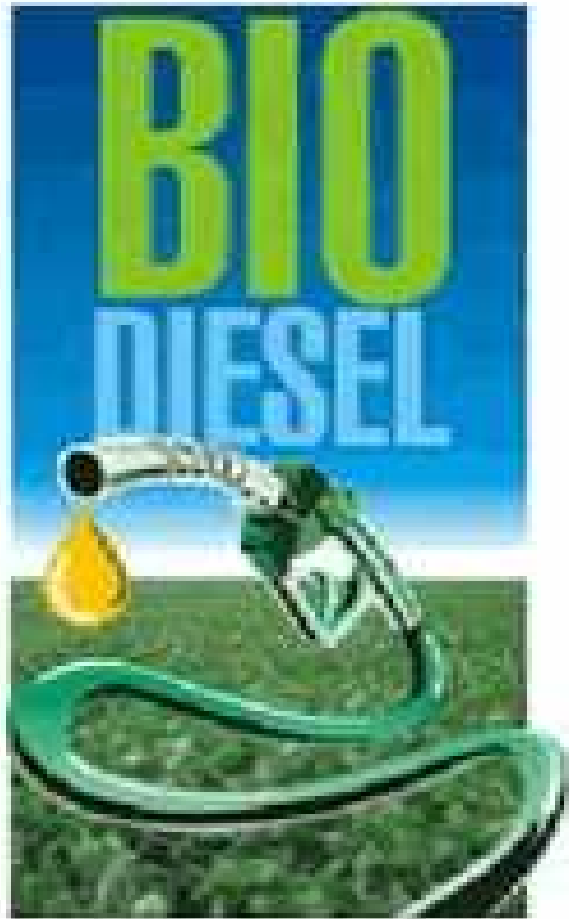
- Who is Posting
- How many posters
- Selling What
- Pros
 - ✓ Linked
 - ✓ In the Ballpark
- Cons
 - ✓ Manipulated?
 - ✓ Volatile

Petroleum Index



- Different Commodity
- Pros
 - ✓ Valid Postings
 - ✓ Familiar
 - ✓ Moves with Diesel
- Cons
 - ✓ Unrelated
 - ✓ Fewer Bidders
 - ✓ Safe Bids- too high
 - ✓ Risky Bids- too low

Fixed Price Biodiesel



- Straight-forward
- Pros
 - ✓ Predictable
 - ✓ Limited Risk
- Cons
 - ✓ Volume Commitment
 - ✓ Safe Bids- too high
 - ✓ Risky Bids- too low

Custom Bid

BQ 9000

Particular Feedstock

Heightened Spec

Local

Quality

Performance

Quality

Local

Cost

Cost

Cost

Cost,

Legality



Conclusions



- Bids are Great
 - ✓ Reliable Demand
 - ✓ Foundation for Growth
 - ✓ Built US Industry
- Your Bid
 - ✓ Your Priorities
 - ✓ Get Stakeholder Support

Contact Information

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