

Item #7
November 3, 2010
Energy Commission Business Meeting

Western States Oil Co.

Grant Agreement ARV-10-019
for
Bulk Biomass Diesel Dispenser adjacent to
San Jose Pipeline Terminal

Summary

Western States Oil Company will retrofit an existing premium gasoline retail tank and dispenser and convert it into a wholesale biodiesel tank and dispenser. The site is immediately adjacent to the Kinder Morgan Pipeline Terminal at Kruse Lane in San Jose. Western States Oil Company projects this site will dispense 5.25 million gallons of locally produced biodiesel into the Bay Area market.

California's weakest link for using biodiesel and other bio-oils is its lack of bulk storage and terminal blending facilities. Lack of biodiesel terminals significantly raises the cost to transport and ultimately retail biodiesel fuel blends. This project will help lower biodiesel's retail price premium by reducing the cost of distribution and the associated vehicle trips and time to distribute biodiesel fuel.

This project will convert an existing, above-ground, permitted, and operational 8,000 gallon tank from dispensing gasoline in a retail mode to dispensing biodiesel in a wholesale mode. The existing pumps and piping will be removed. The tank will be fitted with a high speed pump and re-plumbed and fitted with the appropriate dispenser. This simple conversion will enable transfer trucks or truck and trailers to immediately access biodiesel as they leave the pipeline terminal. The anticipated throughput can be supported by three truck and trailers per day. The biodiesel blend will leave the facility as part of a back-haul, e.g. three trailers will bring in B99 (99 percent biodiesel) and carry out B20 (20 percent biodiesel blend). No increase in truck traffic is anticipated.

This pipeline terminal services the Southern region of the San Francisco Bay Area such as San Jose, Sunnyvale, Palo Alto, Fremont and Hayward. The Energy Commission is providing \$69,223.00 in Alternative and Renewable Fuel and Vehicle Transportation program funds and project participants are providing a minimum of \$217,380.00 in match funds.

Benefits

Successful completion of this infrastructure investment will result in a strategically located biodiesel terminal capable of efficiently distributing biodiesel to the Southern

portion of the Bay Area. The biodiesel provided by this site will reduce diesel exhaust emissions, especially from older less emission controlled vehicles. Local air quality will be improved due to biodiesel's estimated criteria pollution reductions.

Biodiesel blends of 5, 20 and up to 99 percent will be distributed from this terminal. The terminal will dispense 5.25 million gallons of biodiesel which displaces 4.82 million gallons of diesel per year and reduces over 32,000 metric tonnes of greenhouse gas emissions per year with an assumed 50 percent greenhouse gas (GHG) reduction feedstock.

Biodiesel reduces greenhouse gas emissions by 15 percent if it is made from soybeans (including indirect emissions) or 88 percent if made from waste grease. Biodiesel has an Air Resources Board Low Carbon Fuel Intensity estimate of 11.76-83.25 (gCO_{2e}/MJ).

This project represents a key Alternative and Renewable Fuel and Vehicle Transportation program, petroleum, GHG, and criteria pollutant emission reduction investment toward the 2020 goals. This project will help secure the employment of one fuel terminal contractor, and California biofuel plants that will benefit from this additional biodiesel demand. This site modification project will support six temporary construction related jobs. This project represents a high volumetric addition to biodiesel distribution capacity in Northern California with a modest investment from the Alternative and Renewable Fuels and Vehicle Transportation fund.

Participants

Western States Oil has been delivering petroleum products for over 40 years throughout the 17 Western states and parts of Asia. Western States Oil has been a family run business since 1956. Western States Oil will hire a subcontractor to retrofit the terminal with full biodiesel storage and blending capacity.

Implementation Schedule

Upon execution of this grant, the recipient anticipates permitting and site modifications to be completed within 90 days.