CEO’s Letter

2016 marks the ten-year anniversary of the establishment of NBB’s office in Washington, DC. Those ten years have marked an incredible run for the US biodiesel industry. Although there have been struggles, the industry has seen the $1 tax credit remain in place for all of those years. We have seen the RFS modified and improved and now enjoy volume requirements of 2 billion gallons annually. There is much to be proud of as we continue this growth trajectory.

At the same time state and regional markets have moved from 250 million to nearly one billion gallons as they embrace biodiesel. Mandates have grown in Minnesota from two percent to 10 percent. Illinois has reauthorized its tax incentive for biodiesel blends above 10 percent, creating the largest demand for biodiesel of any state in the nation. Couple this with the various biodiesel and Bioheat® fuel mandates around the country and the Low Carbon Fuel Standard requirements on the west coast and we enjoy nearly a billion gallons of state legislated or incentivized demand.

Policy certainly is a major driving force for our industry and likely will continue to be for many years to come, and it is just the tip of all we achieve. Market development, OEM outreach, technical support, our BQ-9000 fuel quality program, our environmental and sustainability education, our advertising and communication efforts, and research efforts all build the foundation needed to convince policy-makers that biodiesel deserves their support. All of these efforts are undertaken with the financial support of the soybean checkoff program. Our industry gets the critical support needed to open doors for continued biodiesel market growth. Nearly $8 million of work in 2016 was funded by soybean checkoff dollars, allowing our member dues to be spent, nearly exclusively, on policy efforts at the state and national level. Our industry is so fortunate to enjoy not only this leveraging of funds but also the extensive and persuasive grassroots support it brings as well.

Please know that you have an exceptional staff working hard every day to continue growing this industry. They are dedicated to the mission and vision of the organization. You will see the highlights and progress of their work noted in the following pages.

Thank you for your support and we look forward to working together to continue growing this wonderful industry!

Donnell M. Rehagen
Chief Operating Officer/Interim CEO

CHAIRMAN’S Letter

The National Biodiesel Board’s fiscal year comes to an end much like a football team’s season. After the dust settles, the coaches bring the team together to reflect on the wins, learn from the losses, and develop a strategy for achieving goals in the next season.

This report represents our summary review of NBB’s 2016 “season” with a look toward what’s coming in fiscal year 2017. I hope you will read it, because it reminds us that we have much to be proud of as an industry working together toward shared objectives. And as the report makes clear, all NBB members play a key role in advancing our industry and moving us toward a strong future.

For our industry, a strong future is defined by growing volumes. Our 10 x 22 vision captures that through a goal that is attainable yet designed to push us forward. Biodiesel is widely recognized as America’s Advanced Biofuel, creating a more stable, diversified domestic energy supply. With advancements in feedstocks, it is our goal that biodiesel will comprise 10 percent of diesel fuel demand by 2022. While this benchmark is set to equal roughly 10 percent of the on-road diesel fuel market of about 40 billion gallons, we know it will be achieved through various blends in all distillate market categories.

Over the next six years as we move toward four billion gallons, our efforts will build on our current success. The technical, sustainability, and economic work detailed in this annual report has laid the foundation for our vigorous lobbying efforts that have led to policy successes of increasing Renewable Fuel Standard volume obligations, reinstatement of the federal tax incentive, and many state and regional policies that support our industry today.

This report details the many wins from this past NBB season while also identifying areas that remain in progress. Be assured, NBB will build on 2016 and continue to advance the interests of its members by creating sustainable biodiesel industry growth well into the future.

Thank you for your membership, participation, and commitment to the industry.

Ron Marr
Chairman, NBB
History of NBB

Based in Jefferson City, Missouri, the National Biodiesel Board is the nonprofit trade association dedicated to coordinating the biodiesel industry and educating the public about the fuel. State soybean commodity groups, that funded several biodiesel research and development programs with checkoff dollars, founded the National SoyDiesel Development Board in 1992. The board changed its name to the National Biodiesel Board in 1994 to reflect the need for all feedstock sources. NBB membership is comprised of state, national, and international feedstock and processor organizations; biodiesel suppliers; fuel marketers and distributors; and technology providers.

Membership of the National Biodiesel Board has grown significantly. Starting with seven members in 1992, NBB now counts more than 170 companies as members. These companies vary from Fortune 100 companies to small, family-owned biodiesel producers. This diverse membership provides a strong base for the industry to solicit and gain the support of Congress with member companies representing nearly all 50 states.
MEMBERSHIP Highlights

The National Biodiesel Board exists to serve and provide value to its members. The organization wouldn't exist without each member's commitment to the organization and to the industry. As NBB evolved from a research and development group into a comprehensive membership association, we realized the strength that has come with a growing, diversified membership. We are proud that NBB has remained unified and is committed to continuing to provide all of our members the highest possible value for their dollar.

Achievements detailed within this 2016 report include:

- Secured more than $8 million of outside funding for biodiesel industry advancement.
- Advocated for and secured growth within the Renewable Fuel Standard volumes for both Biomass-Based Diesel and Advanced Biofuel categories.
- Maintained biodiesel’s role within the California Low Carbon Fuel Standard and ensured its continued growth under the program. A potential billion-gallon biodiesel market by 2022.
- Executed a $2.8 million national advertising campaign that generated more than 62.4 million impressions.
- Generated feedstock and technical data to support the RVO working group recommendations to EPA for growing biodiesel volumes under the RFS.
- Technical efforts secured B20 approval of PACCAR engines. Adding the engine manufacturer for Peterbilt and Kenworth trucks brings the potential of 12 billion more miles annually with B20.
- A decade of work within the Sustainability Program culminated in scientific consensus reports on biodiesel’s role in carbon reduction efforts. Including controversial indirect land use change modeling, biodiesel reduces emissions by more than 50 percent compared to petroleum according to US EPA, the California Air Resources Board, National Renewable Energy Laboratory, USDA, Argonne National Laboratory, and others.

The membership sets the direction of the association each year through the annual program plan. That document becomes the framework staff follows to execute projects throughout the year.

The biodiesel industry has achieved much in its relatively short existence through strong leadership and a determined, unified commitment to purpose. Engaged participation is crucial to ensure that momentum continues, and NBB staff members are dedicated to serving the membership every single day and in everything that we do.

The National Biodiesel Conference & Expo continues to be a gathering place for all aspects of the widely-diverse industry to get business done. It remains one of the highest rated member services NBB delivers.

NBB’s ability to raise more than $8 million dollars of outside funding allows member dues dollars to be used almost exclusively for critical federal and state advocacy efforts.
One of the greatest values of NBB membership is the ability of the organization to leverage membership dues dollars with outside funding sources. Member dues made up approximately a quarter of NBB’s total revenue in FY16. For every $1,000 in membership dues paid, NBB members get nearly $3,500 in revenue to support biodiesel through the trade association’s ability to secure outside funding.

**Where does the money come from?**

**29% United Soybean Board** – Every year NBB staff submit project proposals derived from NBB’s annual Program Plan, for funding to USB through their competitive funding process. In FY16 NBB secured more than $4.2 million to fund biodiesel technical, communications, sustainability, and education work on behalf of the industry. These projects are critical to industry efforts and couldn’t be completed without outside investment.

**27% Membership Dues** – While membership dues play a modest portion of the income side they are the single available source of funding for NBB’s political advocacy efforts. With federal regulations prohibiting soybean checkoff and federal grant monies use for lobbying, this means NBB member dues are focused almost exclusively on these efforts.

**27% State Soybean Checkoff Project Funds** – Much like the United Soybean Board funds, NBB staff submitted annual project proposals and were awarded funding from 18 different state soybean checkoff organizations. These project funds allow NBB to develop critical data to support industry efforts and allow for membership dues dollars to stay focused on policy efforts.

**5% Federal Grants** – In 2014 NBB competed for, and won, a five-year extension of the USDA’s Biodiesel Fuel Education Program funds. This grant provides $700,000 a year to fund additional technical and education programs on behalf of the biodiesel industry.

**12% Other Income** – Other operations of NBB actually generate additional revenue streams for the organization like the BQ-9000 program, corporate sponsorships secured, the National Biodiesel Conference & Expo, and NBBIT, our in-house IT firm who also splits time working for outside clients.
Kirk Leeds, CEO, Iowa Soybean Association, Ankeny, Iowa

“As NBB gets ready to celebrate its 25th anniversary, what a great time to step back and consider how far NBB and the entire industry has come. From its earliest days, the founders brought energy and determination to an industry that did not yet exist. With a focus on getting excess soybean oil off the market, soybean farmers began to invest farmer checkoff dollars in basic performance research and demonstration projects. Industry investments followed, and today NBB is recognized as a results-focused organization with outstanding staff that brings together all facets of the growing biodiesel industry. The future of the industry is bright and a big reason is due to the unified approach NBB has taken from its earliest days.”

Curtis Wright, Division Manager, Imperial Western Products, Coachella, California

“The National Biodiesel Board has been invaluable to our business over the years. As a biodiesel producer in California, we are faced with the most-strict regulations in the world. NBB has been with us all the way, fighting for biodiesel’s place in the fuel supply in California. As past Chairman of the California Biodiesel Alliance, NBB was a crucial partner in helping us in Sacramento on the regulatory, technical, and policy fronts. NBB continues to work with CBA to help solve barriers to biodiesel’s widespread use in California. Thank you NBB.”

Jason Lawrence, Vice President of Operations and Procurement, AMERIgreen Energy, Lancaster, Pennsylvania

“AMERIgreen’s mission is to work every day to improve America’s energy freedom and sustainability for today and future generations. The National Biodiesel Board’s partnership with our organization is strategic and mutually beneficial. We align ourselves with the tenets of the NBB, continually supporting a strong RFS, as well as promoting a domestic producer’s tax credit for American made biodiesel. We are actively engaged with policy discussions, marketing strategy, and outreach to further the advancement of biodiesel usage nationwide. As a marketer, it is important for us to stay current with our industry’s environment, and the NBB provides us with a platform to do just that. The daily communications, emails, and alerts are essential for Amerigreen to maintain an accurate representation in the marketplace about the future of biodiesel. We look forward to our continued work together in the development of America’s leading Advanced Biofuel.”
We began 2016 after achieving NBB’s top two federal priorities—growth in the Renewable Fuel Standard (RFS) and an extension of the biodiesel tax credit. These policy victories are helping to spur record biodiesel and renewable diesel production in 2016, cementing our industry’s place as America’s leading Advanced Biofuel. By year’s end, the US biodiesel and renewable diesel market is projected to total 2.3-2.6 billion gallons, up from 2.1 billion gallons in 2015 and more than double the market just a few years ago. Our industry’s growth is proving that smart, forward-looking policy like the RFS and tax incentive can successfully diversify the market while reducing pollution and creating jobs.

**Renewable Fuel Standard**

The finalization of EPA’s long-delayed RFS for 2014-2016 and Biomass-Based Diesel volume for 2017 created a new level of stability and growth. After we led a comprehensive advocacy campaign against the initial proposal for holding volumes flat at 1.28 billion gallons over several years, EPA included increases to a 2-billion-gallon requirement in 2017. With the program back on track, there has been stronger demand and healthier markets in 2016.

In May 2016, the EPA again proposed growth in the 2018 Biomass-Based Diesel volume and other RFS categories for 2017. The Biomass-Based Diesel volume would rise to 2.1 billion gallons and the Advanced Biofuel volume would reach 4 billion gallons. Our industry clearly can do

(Above) NBB’s advocacy efforts to increase volumes under the RFS included providing testimony to Congress on the successes of biodiesel under the program.

(Below) NBB members continue to advocate for important policy initiatives during organized NBB fly-ins throughout the year.
FEDERAL Affairs (continued)

more, and we have waged an aggressive advocacy campaign for winning stronger volumes in the final rule. Understanding it will be a difficult fight, we have called for at least 2.5 billion gallons and 4.75 billion gallons, respectively.

We have worked through lobbying, communications, and grassroots advocacy, and our efforts have built strong bipartisan support – as demonstrated in July when 40 US senators wrote the EPA calling for higher biodiesel volumes. This is the most Senate support we’ve ever had and is a testament to our industry’s strong grassroots advocacy. The EPA intends to finalize these volumes by November 30. We also continue to work with EPA to improve other regulatory aspects of the program.

Additionally, efforts to repeal or undermine the RFS legislatively continue. While we remain vigilant and are constantly educating lawmakers about biodiesel’s success under the RFS, we believe these repeal efforts don’t pose an immediate threat and likely won’t be considered further until the next Congress at the earliest.

Our industry’s growth is proving that smart, forward-looking policy like the RFS and tax incentive can successfully diversify the market while reducing pollution and creating jobs.

Tax Incentive

Congress passed the second of our top policy priorities in December 2015 by extending the biodiesel tax incentive for two years – retroactively for 2015 and forward through 2016. The reinstatement helped us finish a difficult year on a high note and is stimulating record production in 2016.

We continue to press for reform as a domestic producer’s credit by highlighting the growing volumes of imports taking advantage of the incentive. We made significant progress with legislation introduced this summer in the House and Senate that would reform the credit and extend it through 2019. We continue to build support for the legislation.

The outlook on tax legislation remains cloudy as Congress has an abbreviated election-year calendar and opposition to tax extenders bills has grown, particularly among House conservatives. We believe the lame-duck session after Election Day will offer our best opportunity for an extension this year. However, it is possible that the incentive will again expire and that we will be fighting for reinstatement next year.

Other Ongoing Issues

NBB also is defending the RFS in litigation and fighting anti-dumping and countervailing duties on US biodiesel exports to Europe. NBB challenged EPA’s decision to approve a new survey method for Argentinian biodiesel imports to the US under the RFS, which the D.C. Circuit will hear in October, and is seeking to further the statutory Advanced Biofuel volumes while defending against claims by RFS opponents on the Biomass-Based Diesel volumes in court.

NBB Political Action Committee

The National Biodiesel Political Action Committee (NBPAC), established in 2010 as a connected PAC, is dedicated to electing and supporting political leaders around the country who understand the vital role of biodiesel in the nation’s energy policy.

Over the past year, NBPAC contributed to two United States senators and five house members’ campaigns. Donations to federal candidates are an integral part to NBB’s federal policy strategy to keep the Renewable Fuel Standard and Biodiesel Tax Credit intact. The NBPAC helps to contribute to federal policy success by garnering supporters on Capitol Hill who understand the biodiesel industry’s policy issues. All members of the National Biodiesel Board are eligible to become members of NBPAC.

Join NBPAC Today!

Visit www.biodieselpac.org
For the first year ever, state biodiesel markets will exceed one billion gallons in total volume. Through various policies such as statewide requirements, consumption incentives, and low carbon fuel standards, the industry is now assured of at least one billion gallons in total sales annually, even if critical federal policies were to be suspended or terminated.

Of course, a US biodiesel market totaling one billion gallons would hardly serve as cause for celebration. That figure is well short of the nearly two billion gallons the Renewable Fuel Standard currently requires. But a billion gallons does represent a considerably better insurance policy for the industry than we had just a few years ago. In 2010, for example, markets driven by state policies accounted for only about 250 million gallons of total demand, meaning we have gained a four-fold increase over the past five years.

The best news is that state markets are continuing to grow, and at a rapid pace. Implementation of California’s Low Carbon Fuel Standard is expected to increase the biodiesel and renewable diesel volumes in that state to 800 million gallons by 2022. Oregon has a similar policy in place that should create a 100-million-gallon market by 2023. And, of course, Minnesota is planning to increase its landmark statewide requirement from B10 to B20 in 2018, resulting in 80 million gallons of total annual demand.

These are just a few examples of the exciting things that NBB and its members have accomplished as a collective in their states. While these achievements will yield assured sales of at least 1.5 billion gallons of biodiesel and renewable diesel by 2025, there is a lot more that can be done. Along these lines, if there is anything we at NBB can do to help you achieve your policy goals, please give us a call.
The US biodiesel market continues to grow while maintaining its historic feedstock diversity. US production of Biomass-Based Diesel is roughly half vegetable oils and the other half animal fats, used cooking oil, and distillers corn oil (DCO). This diversity allows biodiesel and renewable diesel producers to alter feedstock use based on regional and global market dynamics.

The increased use of DCO is also a great example of a feedstock that did not exist prior to growth of the biodiesel industry. Just five years ago only 300 million pounds of DCO were utilized by biodiesel producers with use growing to more than a billion pounds last year. Looking beyond our current core set of feedstock sources, there are also advances being made with new sources such as winter annual crops that can significantly contribute to future raw material supplies.

EPA is currently considering whether to expand the Biomass-Based Diesel fuel volume obligation for 2018. Each year the National Biodiesel Board RVO Work Group commissions appropriate economic work to quantify the impacts of Biomass-Based Diesel fuel production. This data is generated to help strengthen the case for growth to EPA.

NBB primarily relies upon the use of partial equilibrium models developed by World Agricultural Economic & Environmental Services (WAEES). This particular model has both a domestic and international component in addition to a biofuels and nested RINs model. Our approach economically is to assess system-wide impacts looking at various production levels of Biomass-Based Diesel production, given specific policy parameters (e.g. D4 and D5 RVO levels).

NBB also enlisted the support of LMC International to assist with evaluating current and future global supplies of feedstocks. LMC, an independent consulting firm with on-the-ground resources in all of the major oilseed producing regions globally, concluded the supply of RFS qualifying oils and fats is projected to rise steadily to 2020, with average annual growth of 3.3 percent, and around one-third of qualifying vegetable oils and fats located in the US and Canada. The most important conclusion to draw from the results of the LMC analysis is that there are large and growing volumes of qualifying vegetable oils and fats available, exceeding biodiesel’s demand for these feedstocks.

For the first time the US EPA’s notice of proposed rulemaking for the 2018 Biomass-Based Diesel RVO acknowledged that feedstock supply wasn’t a constraint for the industry. EPA said, “Based on currently available information, we do not believe that it is likely that the availability of feedstocks will significantly limit the supply of biodiesel and renewable diesel used for transportation fuel in the United States in 2017.”

NBB’s detailed economic work agrees with the EPA assessment and clearly documents that for a Biomass-Based Diesel fuel RVO of 2.5 billion gallons, feedstock supplies would not be a limiting factor.

NBB also invests significant time in the development of partnerships with academic and non-profit research consortiums to reach common goals of increased feedstock supplies. This is accomplished through support of research proposals and serving on external and/or industry advisory boards for research programs. NBB remains a strong advocate in Washington, DC for increased investment in feedstock research.
COMMUNICATIONS  Jessica Robinson

NBB’s communications efforts help amplify the biodiesel story, supporting market growth and maintaining a shared voice among fuel users, consumers, and key targets. NBB’s role as the single voice for our diverse membership base is at the heart of our organization’s mission. Communications is the foundation that allows for favorable outcomes in every facet of America’s Advanced Biofuel’s growth and effort. It is central to biodiesel opportunity.

We work to tell your story in a way that would be impossible without a collective effort. Here’s just a snapshot of what we achieve for our members every year:

• manage 1,000-plus requests for information
• distribute 30-plus news releases
• monitor thousands of biodiesel news stories and articles
• showcase biodiesel at more than three dozen key trade shows and events
• collaborate with media outlets to secure accurate biodiesel coverage
• harvest the next wave of biodiesel leaders through the Next Generation Scientists for Biodiesel program providing conference scholarships and ongoing information
• provide immediate public relations support and crisis response for plant emergencies, regional attacks, and new legislation
• maintain the most comprehensive and reliable biodiesel data source online with flagship websites www.biodiesel.org and www.nbb.org generating more than 660,000 unique visitors and 15 million page views annually

NBB communications programs are your biodiesel bullhorn. We work to tell your story in a way that would be impossible without a collective effort.

Each of these and many other tasks work to support biodiesel’s strength in the marketplace and hold down negative opinion and misinformation. The most recent voter surveys show three out of four people have heard of biodiesel and more than half have a positive impression. Biodiesel’s current position can be credited to the unified industry voice, coordinated to make sure the public, policy makers, and fuel stakeholders recognize biodiesel’s benefits.

The 2015 National Ad Campaign Earned
62.4 million impressions
67,515 clicks to AmericasAdvancedBiofuel.com
641,028 online views of the commercial

NBB facilitates hundreds of media interactions a year in order to raise awareness of biodiesel’s positive benefits.
NBB Technical programs are driven by data. Much of that data is generated with two key audiences in mind—original equipment manufacturers and the EPA. For the EPA, the successful user stories and anecdotal evidence supporting biodiesel used in the past is no longer enough on its own to justify increasing Renewable Fuel Standard volumes. EPA requires data to demonstrate increased biodiesel volumes are compatible at the end user level.

With this in mind, many of the technical activities that we undertake are reactive to keep from losing ground and support by the vehicle and engine manufacturers.

**US diesel vehicle data shows that if all vehicles used the biodiesel blend levels they are recommended for the on-road transportation market alone could account for more than 4.5 billion gallons of biodiesel.**

New data assembled by NBB this year on diesel vehicles registered within the US shows nearly 80 percent of the diesel vehicles coming off production lines today are approved for B20. Well over 50 percent of the Class 8 trucks driving the roads today are approved for B20. If every diesel vehicle that was approved for B20 ran on B20, and if the balance of the diesel fuel were all B5, the on-road transportation market alone could account for more than 4.5 billion gallons of biodiesel.

While that scenario puts the industry well on its way to meeting the goal of 4 billion gallons by the year 2022, the heating oil industry is set to play a major role as well. In order to compete with the natural gas industry on sustainability and emissions characteristics, the heating oil industry is working towards B50 blends industry-wide by the year 2030 and B100 by 2050. With the passage of the latest specifications of B6-B20 blends within the heating oil specifications, the industry has already begun seeing higher volumes of biodiesel. However, not all burner and pump manufacturers have embraced and approved blends up to B20 with their equipment. Those equipment manufactures that still do not approve higher biodiesel blends have made it abundantly clear—their rationales are not based upon any technical objectives but on the idea that they want something in return for their approval.

The technical team continues to press the few remaining OEMs toward B20 approval with a big success in January as PACCAR announced B20 approval in all of their Kenworth and Peterbilt trucks, including legacy vehicles. NBB wrapped up the VW stability study that showed through extensive testing that current stability levels for biodiesel are adequate for real-world users. With pipeline projects completed, blends of B5 will soon see commercial shipments on multi-product pipelines carrying jet fuel.

The ASTM biodiesel specifications continue to be touted as the model for new fuels wanting further access into the marketplace. With many OEMs and biodiesel blenders publicly stating that the quality of biodiesel in the marketplace has never been better. One even went so far as to recommend tightening the biodiesel specs further to make up for the quality of petroleum diesel fuel in the field.

Finally, NBB wants to ensure that its producer members can successful operate without barriers. NBB has undertaken a project to help develop an additive designed to bring NOx emissions with CARB diesel fuel into compliance with the LCFS regulations. This will soon be necessary for higher blend levels in the California market. Additionally, NBB has just begun training classes for accreditation towards the Food Safety Modernization Act, a new regulation for biodiesel producers selling glycerine into feed markets.

More than 100,000 Class 8 Peterbilt and Kenworth trucks new and old were added to the B20 ranks with this year’s announcement of support from engine manufacturer PACCAR.
One of the tenants of sustainability is continual improvement. Biodiesel continues to improve and so do the efforts of our experts who quantify the environmental benefits of biodiesel. Greenhouse gas reduction is the primary metric qualifying biodiesel for preference in state and federal policy. Defending and improving biodiesel’s GHG reduction score is vital to increasing the volume of biodiesel participating in those policies.

2016 saw the certification of new biodiesel pathways under the California Low Carbon Fuel Standard. Nearly 50 new pathways attest to the diversity of America’s Advanced Biofuel. The improved carbon intensity of these pathways, with an average of 31g/MJ also affirms that biodiesel is one of the most powerful ways to reduce carbon emissions when used to displace petroleum diesel with a carbon intensity of 102.76 g/MJ.

A significant factor in improving the aggregate GHG reduction of biodiesel under the LCFS was the reduction in penalty for indirect land use change. When the California Air Resources Board readopted the LCFS, they also adopted improvements to ILUC modeling which reduced previous penalties by more than half. These reductions translate to an increase in value for LCFS credits generated by biodiesel under the program. With LCFS credit prices approaching $.75 on a gallon of biodiesel, nearly $.50 of that credit is drawn directly from the reduction in ILUC penalty. Multiplied over the entire California market, this improved credit value will equate to tens of millions of dollars of benefit to the biodiesel supply chain.

A significant impact, perhaps more valuable than the millions of dollars in increased LCFS credit value, is the opening up of new volume opportunities for biodiesel in California and elsewhere. Lifting the negative stigma of ILUC on biodiesel encourages CARB and environmental advocates to embrace more volume of biodiesel flowing into the consumer market. Biodiesel now plays a pivotal role in the success of the LCFS. Other states also look to this California example either to implement their own low carbon fuel standards or other policies. In every case, the acceptance of biodiesel by CARB plays into favorable ranking of biodiesel everywhere.

These improvements are the result of years of dedicated effort and funding provided by USDA, soybean checkoff dollars, and the National Biodiesel Foundation. We’ve made great strides, but we aren’t done yet. NBB and NBF projects are focused on continuing to reduce the penalty for ILUC. Both CARB and US EPA may reassess their GHG analysis for biodiesel sometime in the future. When they do, the scientific data and experts developed by NBB will be ready to help regulators take another big step toward increasing biodiesel volumes consistent with biodiesel’s improving carbon benefit.
In contrast to the epic winter of 2015, this year winter simply never showed up. But lack of cold temperatures did not dampen the spirit and enthusiasm of marketers anxious to talk about their Bioheat® fuel business. Despite weak fuel demand, industry leaders and marketers worked tirelessly building their markets on the performance characteristics associated with biodiesel home heating oil. The education and outreach program was far-reaching and devoted to educating our petroleum stakeholders.

### Direct Terminal Outreach

Targeted field visits provided individual terminals with infrastructure assessments and recommendations on how to modify their assets and marketing resources to support successful biodiesel programs. These efforts empowered management groups to proficiently handle biodiesel, which in turn increased the number of terminals by 17 that now store, blend, and make biodiesel available. This represents a 15 percent increase in terminal development for 2016. This effort helped ensure that fuel quality problems would be minimized as biodiesel volumes continue to expand nationally.

### Consumer Education

Sharing the Bioheat® story with consumers remained a priority in 2016 with the focus on continued brand development. Investment in TV, radio, digital, and grassroots marketing yielded 110 million impressions in 2016. This represented a 205 percent increase in impressions from the 36 million generated in 2015, and up from 16 million in 2014. This growth in reach demonstrated that our well-thought-out consumer messaging has made significant improvements year over year.

**Growing awareness of the Bioheat® brand remained a priority. Investment in TV, radio, digital, and grassroots marketing yielded 110 million impressions. This year’s campaign was bolstered by support from NORA and state heating oil associations.**

The Bioheat® Consumer Advertising Campaign was bolstered by generous support from the Massachusetts Energy Marketers Association, Oil Heat Institute of Rhode Island, Connecticut Energy Marketers Association, New York Oil Heat Association, and the National Oilheat Research Alliance, whose $1 million investment put the Bioheat® digital campaign into high gear. At the absolute core of change, we witnessed the New York Oil Heating Association re-launch their web presence branded as Bioheat® versus oilheat. Without question this represents a major shift in the Oilheat industry’s messaging to its consumers.

### Targeted Industry Events

The biodiesel and Bioheat® message was delivered to several thousand attendees engaging at national and regional industry events. This targeted outreach brought information to key petroleum audiences. Some of the most noteworthy events included the Eastern Energy Exposition, Southern New England Energy Conference, the Society of Independent Gasoline Marketers of America, and the International Liquid Terminals Association.

### Web Presence

Aspiring to keep the Bioheat® light on 24/7 we continue to maintain a strong web presence with the development of a new improved format designed for consumers to learn about Bioheat®, www.mybioheat.com. Along with touting the environmental, economic, and health advantages of Bioheat® fuel, the site features a dealer locator map that now includes more than 380 Bioheat® fuel dealers across the Northeast and beyond.
The development program raised more than $8 million to execute the 2016 program plan thanks to the generous support of the United Soybean Board, 18 state soybean boards, and the National Biodiesel Foundation. This generous support of our technical and educational programs by the soybean industry and NBF allowed dues money to be directed at our critical federal and state policy programs in Washington D.C. and state capitals.

Development highlights for 2016 include:

- Secured $2.8 million in soybean checkoff funds to implement the 5th year of the Advanced Biofuel Acceleration Project.
- Secured $610,000 to support state regulatory efforts that expanded biodiesel market opportunities in California, Washington, Oregon, and New York.
- With eight state soybean boards, provided $727,000 to support the Renewable Fuel Support Initiative that defends and expands biodiesel opportunities within the RFS.
- Educated NBB members about 50 unique funding opportunities through the Member Minute. Seventy members said they found these announcements beneficial and at least 13 pursued them.
- Coached 35 NBB members on fundraising through webinars and individual assistance, empowering several to apply for a USDA biorefinery loan guarantee, a USDA REAP grant, or a REAP loan guarantee. Through these opportunities, members are actively seeking more than $100 million for plant expansions.
- Worked with the National Renewable Energy Laboratory to update the Biodiesel Handling and Use Guide with new standards.

National Biodiesel Foundation

The foundation continued to fulfill its mission of raising non-traditional funds for biodiesel education and research. 2016 accomplishments included:

- Funded indirect land use change research which produced data that led to a reduction in the California Low Carbon Fuel Standard carbon score for biodiesel by 50 percent. This reduction increased the value of biodiesel carbon credits by up to 50 cents per gallon.
- Leveraged $100,000 in federal funds to further reduce biodiesel’s carbon score through research at Argonne National Laboratory.
- Secured corn and ethanol industry support to further fund low carbon research, making both ethanol and biodiesel more economically competitive.
- Hosted a New York City Biodiesel Tour to educate US House and Senate staff members on biodiesel and Bioheat® to increase their understanding of the role biofuels play in addressing environmental challenges and creating more sustainable cities.
- Led two biodiesel technician training sessions to educate and inform diesel mechanics on the performance benefits and best practices for using biodiesel blends.
- Raised funds through the annual silent auction at the 2016 National Biodiesel Conference & Expo.
- Helped fund scholarships for Next Generation Scientists for Biodiesel to attend the 2016 Biodiesel Conference and Expo, through Giving Tuesday donations.
- Created a partnership with AmazonSmile where Amazon will contribute 0.5 percent on all purchases where NBF is the designated charity.

The National Biodiesel Foundation hosted US House and Senate staff members on a biodiesel and Bioheat® educational tour in New York City.
FUELING OUR FUTURE

2017 NATIONAL BIODIESEL CONFERENCE AND EXPO
SAN DIEGO CA JANUARY 16-19

THE FUTURE OF BIODIESEL IS IN SAN DIEGO

NBB MISSION Statement

Representing America's first Advanced Biofuel, the National Biodiesel Board will advance the interests of its members by creating sustainable biodiesel industry growth. NBB serves as the US biodiesel industry's central coordinating entity and will be the single voice for its diverse membership base. Industry success will be achieved through governmental affairs, communications, market development, technical, and quality assurance programs. We are dedicated to inclusiveness and integrity.

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