



State of the States



Sprague 
DEMAND MORE THAN SUPPLY



Doing More

Tim Keaveney



An  AXEL JOHNSON INC. Company

Sprague Today

Axel Johnson Group, Sweden

Axel Johnson, Inc. Stamford, CT

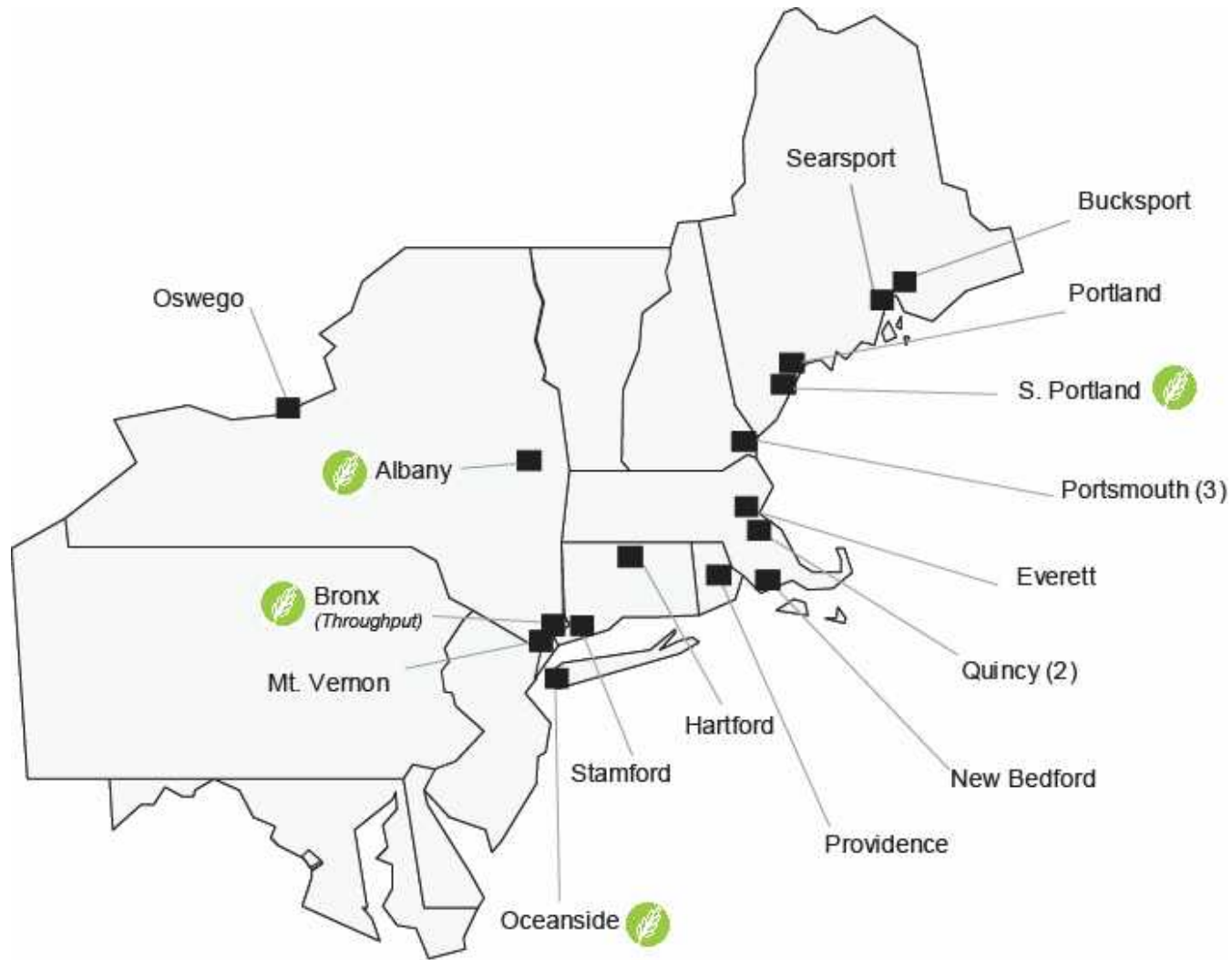


Founded 1870

Market Focus	Energy Distribution and Materials Handling
Marketing Region	Northeast, Mid-Atlantic States
Annually handling and / or distributing over:	2.5 billion gallons of petroleum products 170 Bcf of natural gas 3 million tons of materials handled
Headquarters	Portsmouth, NH
Total Employees	475
Company Ownership	Privately Held



Sprague Energy Current Biofuel Locations



All states within Sprague's geographic footprint have taken legislative action to promote Biofuels, with New York leading the charge

NY

- 20% reduction in state motor fuel taxes on B20 diesel. In place today.
- State Executive order 142 for bioheat and biodiesel. State buildings and vehicles to run on up to 20% biodiesel by 2012

VT

- Bill H.524. Governor Jim Douglas supported bill. Oil dealers eligible for \$.05 rebate for providing B10 bioheat

ME

- Task Force assembled preparing a bioheat and biodiesel plan to present to legislature in '08

NH

- House Bill 689 to establish a biodiesel study commission in order to understand the feasibility of building biodiesel production and distribution in New Hampshire.

MA

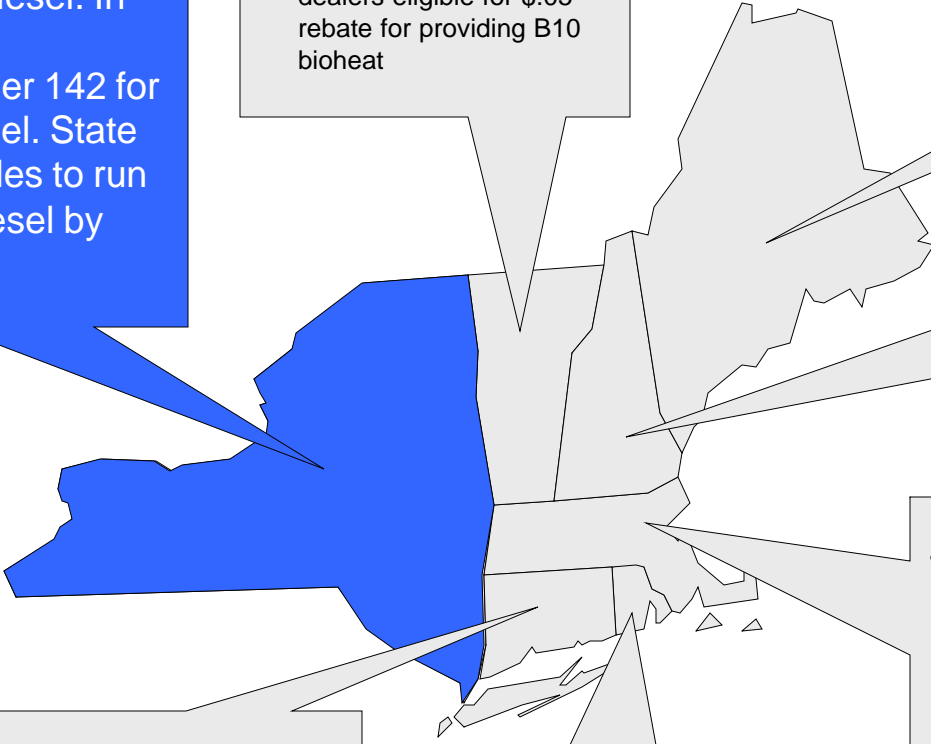
- All petroleum-distillate #2 fuel offered for sale to end-users must contain at least 2.0 percent biodiesel fuel by volume by July 1, 2010. All such fuel must contain at least 3.0 percent biodiesel fuel by volume by July 1, 2011, 4.0 percent biodiesel fuel by volume by July 1, 2012, and 5.0 percent biodiesel fuel by volume by July 1, 2013.

CT

- Grant money available for Biodiesel production facilities and terminal upgrades

RI

- Tax credit for the costs associated with clean fuel filling stations.



Biodiesel Tax Reduction

- Effective September, 1 2006
- 20% reduction in state motor fuel taxes on B20 diesel
- Includes:
 - Diesel excise tax: \$.08 to \$.064 CPG
 - Petroleum Business Tax: \$.1415 to \$.1132 CPG
 - Sales Tax: State Region II from \$.08 to \$.06
 - Region I: from \$.0875 to \$.066 CPG
 - Local sales tax: 20% reduction
- Encourages private fleets to consumer Biodiesel



Executive Order #142



- To further position New York State to reduce its dependency on foreign oil
- Beginning in 2007, at least 2 percent of fuels used in the State fleet must be **Biodiesel**, with the percentage rising annually to 10 percent by 2012
- Beginning in 2007, New York State buildings must use at least 1/2 percent **bioheat** with the percentage rising to 5% by 2012

Executive Order #142

- Executive Order 142 of Governor Pataki (11/21/2005): Use of biofuels by state agencies/authorities in state vehicles and buildings

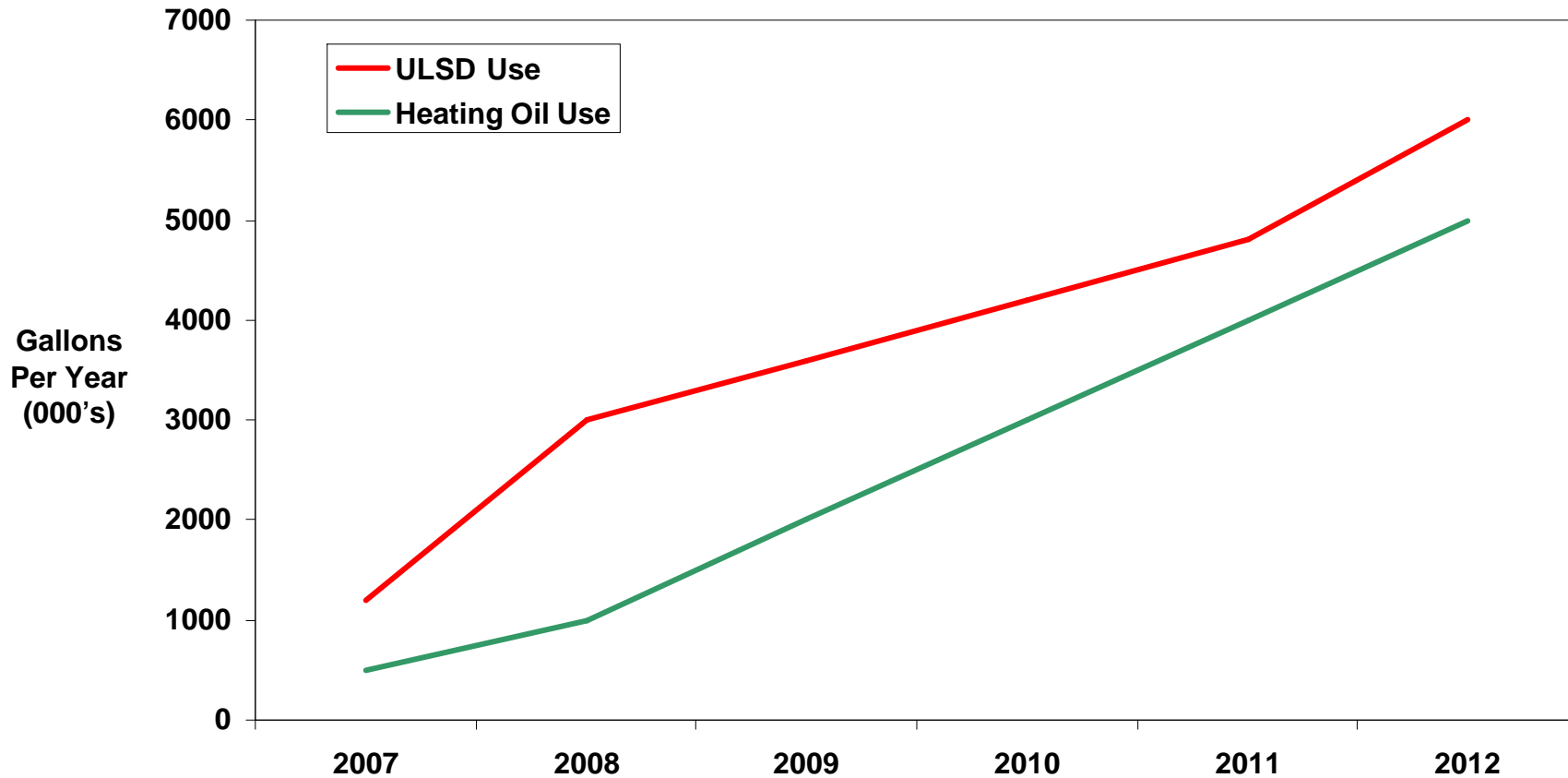
State Vehicles

Calendar Year	% Biodiesel Blend with LSD
2007	2%
2008	5%
2009	6%
2010	7%
2011	8%
2012	10%

State Buildings

Calendar Year	% Biodiesel Blend with Heating Oil
2007	0.5%
2008	1%
2009	2%
2010	3%
2011	4%
2012	5%

NY State B100 projected usage as a result of Executive Order 142



Usage based upon expected consumption of 60MM gallons of ULSD annually and 100MM gallons of municipal heating usage annually

What will Executive Order 142 change?



New York State Research and Development Authority Grants

- PON No. 994
 - Costs associated with bulk storage and distribution of Biodiesel
 - Cost sharing grant: Pay 50% up to \$150K
 - Sprague awarded \$62,500 under this program: Albany, NY blending plant



- PON No. 1093 Bio-Fuel Station Initiative
 - Objective: *Driving Energy Independence for the Empire State*
 - Up to \$9 million available
 - Dispensing equipment, storage tanks, associated infrastructure
 - Cost sharing grant: Pay 50% up to \$50K

Conclusion

- New York is leading the Northeast U.S. in biodiesel legislation
- The Northeast U.S., with over 500 million barrels distillate fuel consumed annually, can make a huge impact on Biodiesel consumption. Further legislation will aid in Biodiesel growth
- New York State legislation is helping Biodiesel and Bioheat gain attention from the transportation sector, business & industry, and the general public today and for the future
- Use New York's leadership position as a model to help your state push for sustainable Biodiesel usage in the public and private sector



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