

MOTOR FUELS HART *insider*

Welcome to Hart Energy Publishing's *Motor Fuels Insider*, a free monthly e-letter to keep you informed of the worldwide refining and motor fuels scene. Here are some of the top stories we covered recently.

[World Refining and Fuels Today](#) Editor Peter Haldis reported from the U.S. House Subcommittee on Energy and Air Quality that DaimlerChrysler (DCX) President and CEO Tom LaSorda called for the U.S. to adopt policies that use market forces to drive consumer demand in order to improve the fuel economy of the U.S. vehicle fleet and fight climate change.

The European vehicle fleet gets 50% better fuel economy than the U.S. fleet because European policies leverage demand and market forces, he said. "They've highly taxed gasoline, making the price three times higher than in the U.S., and they have incentives on diesel fuel. As a result of these policies, fuel economy is always high on a customer's list and not just when there's a spike in fuel prices."

You may already know that *World Refining & Fuels Today* is the best source for up to date refinery new builds and expansions. Now, if that's all you want, Hart is making it available for you in its new **Refinery Tracker**, a monthly spreadsheet-only service. Click [here](#) to learn more.

Readers of [Ethanol & Biodiesel News](#) learned the U.S. will see the strongest growth in corn and corn-fed ethanol production over the next four years, but output will continue to increase steadily until 2016. USDA said ethanol will drive corn output up to 12,065 billion bushels in the 2007-08 marketing year with additional increased corn planting over the next 10 years. The next four years will see the strongest growth of U.S. corn and corn-based ethanol production, but by 2016 the crop should top 14 billion bushels, 4.3 billion of which will be used for about 12 billion gallons of corn-based ethanol.

[Diesel Fuel News](#) readers learned that on March 2, the EPA finally unveiled its long-awaited proposed rule to slash diesel emissions from locomotives and most marine engines, excepting the "Category 3" ocean ship propulsion engines that will be covered under other U.S. EPA and International Maritime Organization rules expected later this year.

Executive Editor Jack Peckham wrote that the proposed rule covers U.S. line-haul, yard-switching and passenger locomotives, as well as U.S. marine diesel engines of up to 30 liters per cylinder displacement. While it doesn't cover main propulsion engines on the

great bulk of ships calling at U.S. ports (mostly foreign-flagged), it does include Great Lakes freighters, tugs and other relatively large diesel-powered watercraft, as well as auxiliary-power engines on U.S.-flagged ocean vessels and other watercraft.

[Gas Processors Report](#) found that the M&A outlook for the midstream sector points to smaller transactions rather than big-dollar deals. Reporting from the Midstream Gas Assets & Divestiture Summit in Houston on February 23, Editor John Hart learned from Sean Maher, vice president of Morgan Stanley, that small acquisitions remain cheaper than larger transactions although the multiples are rising. Also, there is less competition for small asset specific transactions.

Deals of less than \$100 million represent two-thirds of transactions already done, Maher said. Most of the deals are done through a negotiated transaction rather than an auction process, so there are fewer competitors.

According to [Gasification News](#), DOE released a new draft environmental impact statement (DEIS) for Waste Management and Processors Inc. (WMPI) Gilberton Coal-to-Clean Fuels and Power Project. The new DEIS said WMPI would emit about three times more CO₂ than anticipated in the last report in 2005. It also noted that large scale CO₂ sequestration is not expected to be technically practical for 15 years.

Editor Suzanne McElligott wrote that the DEIS refigured the plant's estimated CO₂ emissions at 2.3 million tons per year, nearly three times the original estimate of 830,000 tons per year. In the original estimate, WMPI planned to sell the CO₂ to industrial users to include beverage plants for carbonation, but later dropped that idea.

California and New York are channeling millions of dollars to demonstrate plug-in hybrid electric vehicles (PHEV) and will have funds in participants' hands in a matter of months, if not weeks, according to [Octane Week](#). Editor Carol Cole explained that PHEVs are attracting attention on Capitol Hill, and legislation supporting the technology has been introduced.

California will award \$5 million in grant money to demonstrate plug-in hybrid and additional funds for related education and outreach programs for alternative fuel vehicles. The funds are part of a larger \$25 million Alternative Fuel Incentive Program administered by the California Air Resources Board.

If you have ideas on stories we should cover, contact Publisher David Givens at 1-703-891-4811 or dgivens@hartenergy.com. To get more information about any of these newsletters, or for a free mini-trial, contact Julianne Johnson at 1-703-891-4803 or jjohnson@hartenergy.com.

Copyright 2007 Hart Energy Publishing, LP • 1616 S Voss, Suite 1000 • Houston, Texas 77057