



Apr 16 2012 Volume 4 Issue 1 904 Jamesmeier Road, Farley, IA 52046 (563) 744-3554 www.wdbiodiesel.net

## Adjusting the Trim & Sails Thomas Brooks General Manager

Western Dubuque Biodiesel and the U.S. biodiesel industry reached a key milestone by producing more gallons of fuel in 2011, according to year-end numbers released by the EPA. The total volume of nearly 1.1 billion gallons is by far a record for the industry and easily exceeded the 800 million gallon target required under the EPA's Renewable Fuel Standard (RFS). The previous record for biodiesel production was about 690 million gallons in 2008. Western Dubuque Biodiesel is proud to report a record year of 24.9 million gallons far exceeding our previous high of 16 million gallons.

Our success and the industries' in 2011 comes after Congress reinstated the fuel's \$1-per-gallon tax credit in December 2010 and as the EPA's RFS 2 program for biodiesel completed its first full year of implementation. Without those policies in place for 2010, production dropped dramatically as most of the plants shuttered and thousands of people lost jobs. After Congress reinstated the tax incentive, the industry regained its footing and began ramping up production, with record-breaking success in 2011.

Today there are many visible signs of possible trouble in the Biofuels' Market. They include renewed attacks on various segments of the RFS, failure to extend tax incentives, and finally RIN Integrity concerns. There are other signs, which are subtler and not visible to the human eye, below the surface. They show up in bear-o-metric readings of the nation's money supply, credit expansion and the breakdown of industry earnings. The question is, "What kind will it be?" To gauge whether to set sail or stay in port, mariners use a combination of tools to assess the trends that will provide a clue to coming events. They range from visual observations of clouds, swells and sea conditions to barometric readings. The barometer is most useful when there are no clouds on the horizon. Even when there are no "sensual" indicators, a potential storm can be foretold by the dropping barometer. The barometer provides indicators of what the eye can't see but should to avoid potential danger. The barometer continues to show drops spelling potential trouble ahead for the producers and their financiers. Your directors and management are continually monitoring the market, legislative changes, and making adjustments to maximize production while minimizing our risk.

The biodiesel industry has made significant strides in recent years in building the infrastructure and value chain that supports our growing production levels. However we need policy stability and support to continue this remarkable success story. Failure to extend the blenders' credit and attacks to the RFS 2 creates instability at the plant and in the market. The biodiesel tax incentive helped achieve the worthwhile policy goal of creating jobs and increasing the production and use of biodiesel in the U.S. Prior to enactment of the tax incentive in 2004, the U.S. produced 25 million gallons of biodiesel. With the tax credit reinstated and a strong RFS 2 program, the industry produced nearly 1.1 billion gallons in 2011. There are compelling public policy benefits associated with the enhanced production and use of biodiesel in the U.S based on 2011 revenue generation of \$628 million in federal, state and local tax revenues. If Congress extends the industry's tax incentives WDB and other biodiesel producers are poised to continue that momentum in 2012 and beyond. Currently the industry is lagging in 2012, although WDB is fairing much better than the industry.

In 2011 Western Dubuque Biodiesel set a new course when we affiliated ourselves with a new marketer and feed stock provider. We had a record year in 2011 and are on pace to meet and exceed production and profits in 2012. We have produced 5.7 million gallons in 2012 vs. the 1.6 million gallons in 2011. We will continue to watch the barometer to make safe and sound financial decisions for investors based on regulatory and market conditions. The wind is always changing just as are market conditions and economics. If we want to go fast we must constantly adjust our *trim and sails to ensure a smoother journey*. We will keep you informed on our progress as we chart our course in 2012.

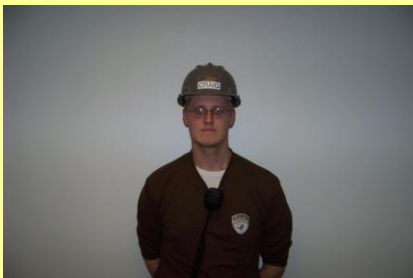
**2012 PRODUCTION**

**Troy Gibbs      Production Manager**

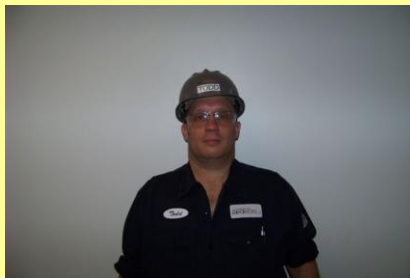
2011 saw our most productive year for Biodiesel gallons produced since our opening in 2007. 2012 Production has already exceeded 2011 levels in just the past three months of operation as compared to the 1<sup>st</sup> Quarter of 2011. This year we have produced Biodiesel made from canola oil and some soybean oil. This winter was more favorable for feedstock and Biodiesel logistics resulting in 3.5 times more production. Our success has been achieved as our associates share our vision and direction for WDB. We welcome our new staff and are positive that they will meet and exceed expectations with their continued contributions and development.

	Gallons		Gallons
Jan-11	237,184.00	Jan-12	540,336.00
Feb-11	431,060.00	Feb-12	2,513,336.00
Mar-11	923,895.00	Mar-12	2,604,253.00
Totals	1,592,139		5,657,925

**New Team Members**



Craig Kluesner Biodiesel Operator



Todd Vaske Biodiesel Operator



Angie Hamilton Administration



Craig Bretibach, Director & Tom Brooks



Directors - Craig Breitbach, Denny Mauser & GM Tom Brooks with Iowa Representative King during the November NBB Legislative visit. Meetings with Iowa Congressmen to discuss RFS 2 & Extenders Credit.



## ***QUALITY COUNTS***

***Chris Rausch Quality Manager***



Chris Rausch oversees analytical with Lynn Burlage

At the conclusion of 2011, Western Dubuque Biodiesel produced a total of **24,907,784** gallons of quality biodiesel with 2012 looking just as successful. Currently, WDB is processing canola oil from Canada. Canola is a genetic modification from rapeseed produced in Europe and Asia. Rapeseed is an oil seed plant which was used as fuel in lamps in Asia and Europe hundreds of years ago and is used in biodiesel production today. The name canola is derived from **CAN**adian **Oil Low Acid (CANOLA)**. The Canadian crop is resistant to cold weather and is ideal for that part of the world. The canola seed has an oil content of 40% while a soybean has an oil content of 18%-20%. Canola based biodiesel has superior cold properties in comparison to soybean oil and animal fats. The cloud point (gel point) for 100% canola based biodiesel can range from 22°F to 27°F, 100% soy based biodiesel 30°F to 34°F and 100% animal fat based biodiesel ranging from 48°F to 58°F. This can become an issue in cold weather months.

On January 26, 2012 WDB had its annual BQ9000 surveillance audit. Once again the auditor commented how wonderful it is to audit our facility and how WDB maintains the BQ9000 program, signifying we practice what we preach. The auditor found zero non-conformities and recommended to the National Biodiesel Accreditation Commission (NBAC) to continue our registration as an accredited BQ9000 biodiesel producer. On February 24, 2012 WDB received a letter from the NBAC chairman stating the NBAC members reviewed the audit findings and found everything favorable.

Plan on attending our

**ANNUAL MEETING**  
**Refreshments and food served**

Wednesday, September 19, 2012, 7:00 p.m.  
Palace Ballroom - Farley, Iowa

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