

STATEMENT OF JOHN PLAZA,
PRESIDENT AND CEO OF IMPERIUM RENEWABLES, INC.
BEFORE THE
SUBCOMMITTEE ON AVIATION OPERATION, SAFETY, AND SECURITY OF THE
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

JULY 28, 2011

Madam Chairwoman, my name is John Plaza. I am the President and CEO of Imperium Renewables, headquartered in Seattle, Washington. I very much appreciate the opportunity to appear before the Subcommittee today on the important issue of renewable aviation fuels. I also want to thank you, Senator Cantwell, for your continued leadership on renewable fuels.

Imperium Renewables owns and operates one of the largest biodiesel facilities in the world, located in the rural community of Grays Harbor, Washington. We have invested over \$90,000,000 in our state-of-the-art biodiesel production facility at this site. We currently employ 42 people, five of whom are veterans who, after having served in Iraq and Afghanistan, have returned home to find family wage jobs in their community. Since 2007, our company has provided over \$125,000,000 of direct economic benefit inclusive of payroll, taxes and revenue to other small businesses around Washington State.

We are planning to construct an advanced biofuel facility that will produce renewable jet fuel adjacent to our existing site in Grays Harbor. This new facility will create over 300 construction jobs during the first three years, and increase our workforce by an additional 50 permanent employees. With the construction and operation of this additional facility, over \$250,000,000 will be invested by Imperium into Washington State during the construction phase,

and once in operation, we will provide over \$20,000,000 of annual direct economic benefit to the State. We are committed to the Grays Harbor community and believe that the Pacific Northwest, along with the entire nation, will benefit economically and environmentally from the development and use of renewable jet fuels.

Developing and deploying renewable aviation fuels has long been a dream of mine. Before founding Imperium Renewables, I was an airline pilot for over 20 years, having flown everything from small bush airplanes in Alaska to Boeing 747s around the world. I have a deep understanding of the critical importance of fuel quality, security and price for the aviation industry. Imperium Renewables was the first commercial producer of renewable aviation fuel. We produced the bio jet fuel that was used in a 2008 demonstration flight by a Boeing 747 operated by Virgin Atlantic Airlines. With additional successful demonstration flights since 2008, along with the recent approval by the American Society for Testing and Materials for renewable jet fuel to be used at a 50/50 blend, it is clear that renewable aviation fuels are ready for commercialization now. The market potential for these advanced biofuels is significant in our region. The combined use by military and commercial aviation in the Northwest creates more than 800 million gallons of jet fuel demand annually.

At Imperium, we have an aggressive plan that will enable us to produce significant amounts of renewable jet fuel by 2014. Importantly, this plan is contingent on obtaining long-term contractual commitments to purchase the fuel in order to justify the significant capital investment of over \$250,000,000 required to build this new facility. The Department of Defense is ideally situated to purchase these fuels, which will facilitate the ability to raise the capital required to build advanced biofuel facilities. We have been in discussions with the Department of Defense concerning supplying multiple renewable jet fuel solutions to meet the military's

needs in the Pacific Northwest region. We have advised the Pentagon that Imperium can supply up to 80 million gallons of “drop-in” renewable fuel by 2014, with no technology risk, while using existing feedstocks that are commercially available now and future dedicated energy crops that are in development.

The best path forward for advanced biofuels such as renewable jet fuel would be to enable the Defense Department to enter into 15-year contracts for fuel supplies to meet the demands of its facilities in the Pacific Northwest and around the nation.

The commitment of the Defense Department to renewable fuels will drive the entire renewable aviation fuel industry for the nation. It will also provide the Department of Defense a critical and important path forward in obtaining operational security of energy supplies right here at home. By its commitment to purchase renewable aviation fuels, all branches of our nation’s military can have secure regional sources of “drop-in” renewable fuels to better facilitate national security, as well as providing economic development and job creation for America, in America. As Navy Secretary Ray Mabus has stated, biofuels are a huge asset in providing the US Navy operational security, not just in promoting our nation’s defense, but in saving the lives of our soldiers.

I would commend to the Members of the Committee a September 27th, 2010 report from the Center for a New American Security entitled “Fueling the Future Force: Preparing the Department of Defense for a Post-Petroleum Era.” This report outlines in great detail how the military should transition to a future that does not depend on petroleum, which currently supplies over 70 percent of the Department of Defense’s energy needs. By facilitating the development of advanced biofuels for the military with innovative technologies and fuel source diversification, along with improved efficiency, the Department of Defense can deal with future

instability in petroleum supplies, reduce volatility of price spikes, and ensure it can continue to meet its mandate to protect the nation's security. I would like to submit a copy of this report for the record.

I want to thank you, Madam Chair, and Senator Murray, for sponsoring legislation to enable the Department of Defense to enter into 15-year contracts to purchase renewable fuels. I recognize that any contracts will be competitively bid, and am confident that Imperium is well situated to prevail.

In closing, I appreciate the Committee's focus on this important issue. Advanced biofuels such as renewable jet fuels are the key to a cleaner, more sustainable, more secure aviation industry. Like all forms of energy production that exist in America today, renewable aviation fuels need stable long-term federal policies that support this industry and are critical to commercializing the fuel. This will assist in fulfilling the US military's renewable fuel needs, and promoting our nation's security. The success of biofuels for aviation will provide tremendous benefits for generations of Americans in the future.