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The Commercial Appeal

FedEx Taps Biofuel Supplier for Jet Fleet

Wayne Risher

A biofuels producer announced an agreement Tuesday to supply FedEx Corp. with about 3 million gallons a year of low-carbon, renewable jet fuel made from forest wastes in the Pacific Northwest.

Red Rock Biofuels LLC of Fort Collins, Colorado, said it plans to build a refinery in Lakeview, Oregon, starting this fall to convert "woody biomass," a byproduct of commercial forestry, into jet fuel.

FedEx and Southwest Airlines have committed to buy the refinery's 15-million-gallon annual output. The first delivery to FedEx is expected in 2017, and the agreement runs through 2024, Red Rock said. The refinery would be funded in part by a \$70 million grant from the federal departments of Agriculture, Energy and Navy.

FedEx officials called the agreement a step toward meeting the company's long-standing goal of securing nearly a third of its fuel supply from alternative sources.

The company has had that goal since at least 2010, but it's unclear how much progress has been made. Although the company has had at least three other announced deals with would-be suppliers since then, FedEx isn't saying how much biofuel current propels the Memphis-based FedEx Express fleet.

The domestic oil exploration boom, falling fuel prices and conflicting demands on sources of biomass-based energy have been headwinds for the industry in recent years.

"We set a strong goal to obtain 30 percent of our jet fuel from alternative sources by 2030," said Joel Murdock, FedEx Express managing director of strategic projects.

"Developing a sustainable jet fuel product that can be produced at scale and transported to where it's needed at a competitive price is a challenge that can only be solved by working together with our industry peers, academia, governmental agencies and companies in the alternative fuel supply chain like Red Rock," Murdock said.

FedEx officials say they're actively engaged on alternative fuel initiatives with the Commercial Aviation Alternative Fuels Initiative, the American Society for Testing and Materials International, the Nature Conservancy, the U.S. departments of Energy and Agriculture and others.



22 July 2015



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Here are some numbers that put the Red Rock deal in perspective: • 3 million: The number of gallons of jet fuel that FedEx burns in a single day. • 1.1 billion: The number of gallons of jet fuel that FedEx purchased in the fiscal year ending May 31. • 341 million: The number of gallons from alternative sources that would meet the 2030 goal, at 2015's consumption level.

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