

## **Biodiesel Distributor Raises \$4.75M To Green Gas Stations**

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8/29/2007 – Instead of filling up on carbon-dioxide emitting, air-befouling diesel fuel, Propel Biofuels Inc. is hoping that that drivers of diesel cars and trucks would choose to use cleaner biodiesel instead, if given the option.

The Seattle-based company has raised \$4.75 million from venture capital firms to give consumers that choice at the pump, Clean Technology Investor has learned. This is the first institutional financing for the company, which was founded in 2004.

"It's a really unmet need right now," said Marc Poirier, a director on the Propel board of directors and a managing director at @Ventures, which invested in the company. Distribution "is the bottleneck that exists in the infrastructure for the large-scale adoption of biofuels usage," he said.

Backed by the San Francisco-based clean technology investment firm Nth Power and @Ventures, the venture capital arm of the Waltham, Mass.-based technology holding company CMGI Inc., Propel Biofuels is using the financing to roll out its biodiesel pumps at service stations in the Pacific Northwest.

The company plans to sign 15 initial contracts in Washington State by the end of October, according to O'Neal. Then Propel will develop fueling terminals in Oregon and California.

It generates revenue from the sale of biodiesel that it buys from a group of suppliers, including the Seattle-based venture-backed Imperium Renewables Inc, which also raised capital from Nth Power.

In addition to the equity financing, Propel is turning to debt markets to fund its expansion, said Propel Biofuels Chief Executive David O'Neal. The company is raising approximately \$8 million to \$10 million in debt, and O'Neal expects an initial close within the next 60 days.

So far, local gas station owners have embraced the plan, O'Neal said. "They like it because it drives more business to that location," he said.

Given the choice, drivers in the Northwest don't mind paying a premium for biodiesel, according to O'Neal. "They want to make sure that they're doing the right thing for the community," he said. O'Neal declined to discuss the company's margins and the premium that consumers would pay.

Biodiesel burns cleaner than regular diesel, emitting less carbon dioxide and particulate pollutants, O'Neal said. And given the projections for new diesel car sales in the U.S., Propel expects increased demand for biodiesel, as eco-conscious consumers turn to the greener option.

<http://www.cmgi.com/ventures>

<http://www.nthpower.com>

<http://www.propelbiofuels.com>