

National Lime Association

L I M E

The Versatile Chemical

June 23, 2008

The Honorable Samuel W. Bodman
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Mr. Secretary:

The National Lime Association ("NLA"), representing approximately 95% of U.S. commercial lime production, is pleased to submit its third biennial report on lime industry trends in greenhouse gas intensity of lime products. This report is made pursuant to NLA's June 11, 2003 commitment under the President's ClimateVISION program. NLA is proud to report that it has made substantial progress, and is on track to fulfill its ClimateVISION commitment by 2012.

BACKGROUND

The members of NLA have established a collective goal of reducing the intensity of carbon dioxide (CO₂) emissions per ton of product from energy use by 8% between 2002 and 2012.

Lime companies are employing a variety of strategies to achieve this goal, including physical modifications to lime kilns to improve energy efficiency, operational changes, increased reuse of byproducts, and use of alternative fuels. Because this is an aggregate goal, not all lime companies have the same intensity goal, depending on efficiency improvements achieved before 2002, and the kind of equipment the company operates.

IMPROVED CARBON INTENSITY TRENDS

NLA is pleased to report that between 2002 and 2008, the energy-related CO₂ intensity of lime products produced by NLA member companies has been reduced by an aggregate 5%. This represents a significant improvement and acceleration of the industry's performance in the last two years, as demonstrated in the chart below (values in the chart have been rounded for purposes of presentation):

Year	Energy-Related Emissions of CO ₂ (million tons)	Product Produced (million tons)	Emissions Intensity from Energy Use (Energy-Related CO ₂ tons per ton of product)	% intensity reduction from 2002 baseline
2002	12.9	19.1	0.68	baseline
2003	13.7	20.2	0.68	0
2004	14.6	21.5	0.68	0
2005	14.4	21.6	0.67	1.3
2006	14.7	20.6	0.65	3.4
2007	13.9	19.7	0.64	5

An important factor contributing to this substantial reduction in intensity is that long-term capital projects dating back to 2003, when the ClimateVISION commitment was initially undertaken, have just recently reached completion and begun to generate positive results. Notably, these projects include the installation of new energy-efficient kilns.

Furthermore, several companies have made great strides in increasing the recycling of lime byproducts (e.g., lime kiln dust). Industry-wide, the quantity of lime byproducts recycled has increased by more than 500,000 tons, and the rate of recycling has increased by 12% since the start of the program. More than half of lime byproducts generated are now being recycled. Substantial improvements in recycling rates in remote areas of the country have recently been realized. As more byproducts are reused or sold as product, the total amount of energy used per ton of usable product is reduced, and thus intensity is reduced.

PROSPECTS FOR FUTURE IMPROVEMENTS

NLA members are pursuing more projects and strategies that will further contribute to achievement of the 8% energy-related intensity reduction target by 2012. The achievement of more than half of this goal after only five years demonstrates that the lime industry is on target to achieve the 8% reduction. Indeed, a number of NLA's member companies have already met their portion of the 2012 goal.

Several new, energy-efficient kilns are either coming online in 2008 or began operation toward the end of 2007. The full impact of this new equipment on the industry's carbon intensity will not be fully reflected until NLA submits its next biennial report in 2010.

Because a substantial portion of the older, less efficient kilns have already been replaced, future reductions will have to result from innovative technologies and strategies on existing kilns. These will include even better control of manufacturing operations, even more recycling of byproducts, and identification of less carbon-intensive energy sources.

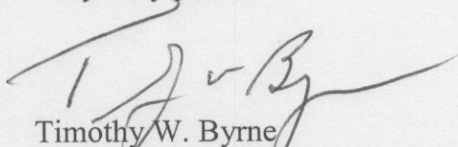
For example, NLA members are piloting the use of biomass to replace fossil fuels, including agricultural byproducts, wood waste, and other materials considered carbon-neutral. Shifting to combustion of such materials is extremely challenging because these fuels can affect kiln burner efficiency, refractory lining, characteristics of the product or byproducts, and operation of air pollution control equipment. Furthermore, it can be difficult to obtain consistent supplies of such fuels, and using them often entails significant capital expenditures for new fuel handling systems. If these challenges can be overcome, use of alternative fuels may help to reduce the industry's carbon footprint.

Another innovative technology being used for the first time in the lime industry is the external recovery and reuse of waste heat from lime kilns. Use of this technology has presented considerable technical challenges, and required substantial capital investment. Nevertheless, NLA anticipates that more and more of the industry's members will be evaluating external heat recovery and other new approaches to optimize energy use.

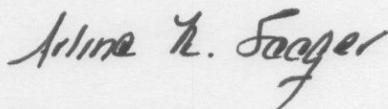
THE LIME INDUSTRY'S ONGOING COMMITMENT

NLA and its members reaffirm their intention to use their best efforts to achieve our ClimateVISION goals. The ability of the lime industry to achieve, or exceed, its goals will depend on many factors, including partnership with the government and other entities, the state of the economy, and the economic health of the lime industry. NLA and its members look forward to working with your Department on meeting the goals of the program together.

Very truly yours,



Timothy W. Byrne
President, National Lime Association



Arline M. Seeger
Executive Director, National Lime Association