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News

LEGISLATURE

Biodiesel stuck in storage instead of the tank

Lawmakers consider kickstarting mandate for petroleum blends

BY BETH CASPER • STATESMAN JOURNAL

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April 1, 2009

Oregon's fledgling biodiesel industry has ground to a halt.

It's not that producers can't make the product; it's that they can't sell it fast enough.

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The result:

Salem's SeSequential Pacific Biodiesel plant, which was built to make 5 million gallons of biodiesel per year, has 250,000 gallons of biodiesel sitting in tanks.

Rickreall's Willamette Biomass Processors has 500 tons of Oregon-grown oil seed crops in a grain silo, waiting to be crushed to make oil for biodiesel.

Those producers and others were encouraged by 2007 legislation that requires petroleum companies to mix 2 percent biodiesel with every gallon of diesel sold in the state. But that mandate only kicks in when producers can make a little more than 400,000 gallons of biodiesel each month for three consecutive months.

Producers have met that requirement for several weeks, but without being able to sell the product, they can't keep production levels high enough.

Renewable-energy advocates say the petroleum companies aren't buying the biodiesel in an effort to thwart the mandate.

Brian Doherty, a lobbyist for the Western States Petroleum Association, said it is ludicrous to think that the petroleum companies are intentionally stymieing Oregon's biodiesel industry.

"Right now, our companies are blending millions of gallons of biodiesel (in other states)," he said. "Why would we be trying to kill a biodiesel industry in Oregon?"

He said the bill creates an unrealistic timeline.

Industry needs about six months to prepare for a state biodiesel mandate. Equipment to blend the biodiesel and diesel would need to be purchased, installed and running efficiently with tested biodiesel, he said.

The quality of biodiesel made from cooking oil, canola and camelina — sources used to make Oregon's biodiesel — also could be an issue, Doherty said.

Soy-based biodiesel, produced mainly in the Midwest and Canada, meets a quality guarantee through ASTM International standards, Doherty said. Oregon petroleum companies already buy the soy-based product to meet city of Portland mixing mandates.



KOBBI R. BLAIR | Statesman Journal

SeSequential Pacific Biodiesel's Tyson Keever says the company has 250,000 gallons of biodiesel waiting to be distributed.

LINKS

OREGON LEGISLATURE bill finder

<http://www.leg.state.or.us/searchmeas.html>

BIODIESEL IN OREGON

In 2007, legislators passed a series of bills aimed at building Oregon's biofuels industry. They created tax credits for growers of oil seed crops for biodiesel, incentives for people to build seed-crushing facilities and biodiesel production plants, and a market for the finished biodiesel.

The legislation has spurred the construction of biodiesel production facilities and seed crushing facilities, such as:

SeSequential Pacific Biodiesel in Salem: 5.8 million gallon annual capacity

Green Fuels Of Oregon in Klamath Falls: 500,000 gallon annual capacity

Beaver Biodiesel in Corvallis: 1.2 million gallon annual capacity

Portland Biodiesel: 365,000 gallon annual capacity

Pendleton Grain Growers: 1 million gallon annual capacity

Willamette Biomass Processors: can make about 3.2 million gallons of vegetable oil per year.

It is unclear how many farmers are growing oil seed crops for biodiesel, according to the Oregon Department of Agriculture.

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