

Business

BIOFUELS MAKING MARKED ADVANCES NO FOOD CROPS USED TO MAKE THESE ADDITIVES

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Despite economic challenges and political uncertainty, the advanced-biofuels industry - which produces transportation fuels not made from food crops - continues to grow, according to a report released Thursday.

Washington, D.C.-based Environmental Entrepreneurs says the nation's advanced-biofuel capacity, which includes production from the Community Fuels plant in Stockton, exceeded 685 million gallons this year, up from 437 million gallons the year before.

And that could grow to between 1.6 billion and 2.6 billion gallons by 2015, the entrepreneurs' report estimates.

But key factors driving that growth are policies such as the federal renewable fuel standard and California's low-carbon fuel standards, which dictate increased use of biofuels in transportation.

"Continued support of these government programs is crucial," the report says.

Lisa L. Mortenson, Community Fuels' chief executive, said political pressure to change the standards is the major challenge she faces.

"One thing investors don't like to see is change to key regulations driving demand for new products," she said Thursday. "The uncertainty with the regulation is causing a certain pause to the market."

Part of California's AB32 climate-change legislation seeks to reduce the carbon impact of transportation fuels by 10 percent by 2020, helping drive production of advanced bio-fuels, which do not tap food crops, such as corn, wheat or soybeans, which are used in traditional biofuel processes.

California cars and trucks guzzle about 18 billion gallons of transportation fuel each year.

Community Fuels, one of the state's largest advanced-biofuel plants with a capacity of 13 million gallons per year, has tested a number of alternative feedstocks at its Stockton facility, Mortenson said.

Among those are oil from camelina, an annual oilseed plant found in Europe, and pongamia, a tree native to tropical Asia and Australia.

Diesel fuel can be produced from a wide variety of oils, but whether any particular feedstock can be used commercially is the real question, Mortenson said.

"It isn't just what you can do, it is what you can do in volume," she said.

In arguing the current state and federal fuel standards should be upheld, Thursday's report said growth in the biofuels industry could generate between 18,400 and 47,700 new jobs nationwide.

Community Fuels employs about two dozen people in Stockton.

"We're excited to be a real producer of clean fuels," Mortenson said. "We're committed to producing commercial volumes of fuel, building a business that has a positive impact."

Pacific Ethanol Inc. uses corn at its Stockton plant, which can produce 60 million gallons of ethanol per year. It has announced plans to move toward cellulosic ethanol.

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