Biofuel use grows

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Increased availability and tax incentives are contributing to the trend

Biofuel is going mainstream in Oregon.

A growing number of public and private fleets are moving to biodiesel - Lane County is about to expand the use of the fuel in its 450 diesel-powered vehicles - and by next summer, a new state law will require all gasoline sold in Oregon to be 10 percent ethanol, a fuel derived from corn and other plants.

The growing popularity and sales of biofuels is the result of increased awareness and availability of the fuels, as well as a new state law that provides aggressive tax and production incentives for processors and producers, according to industry officials and policy experts.

The SeQuential Biofuels station in Eugene claimed the distinction this week of selling the cheapest motor fuel in the state, by far. E85 - gasoline mixed with 85 percent ethanol that can run in certain "flex-fuel" vehicles - was going this week for $2.35 per gallon. A state tax credit that went into effect earlier this year takes another 50 cents per gallon off, at least for the first 400 gallons burned.

In contrast, the average price of conventional gasoline in Oregon this week was $3.13 per gallon, driven by crude oil prices that are approaching $100 per gallon, according to AAA of Oregon/Idaho.

While SeQuential sells ethanol-gas blends, its main business is biodiesel, which it produces at a plant in Salem. The company has seen its sales and production double every year since it began in 2002, said Tomas Endicott, the company's co-founder.

SeQuential produces about 1 million gallons of biodiesel a year, of which 99 percent is made from recycled cooking oil, and the company brings in another 3 million gallons of biodiesel from Midwest sources. Another 4 million gallons of biodiesel are sold in Oregon by other distributors who bring it in from the Midwest, he said.

SeQuentia's biodiesel plant, a joint venture with Pacific Biodiesel of Hawaii, is being expanded to increase capacity to about 5 million gallons a year by the middle of next year, Endicott said. Once that 5-million-gallon threshold is met, all diesel sold in Oregon will be required to include at least 2 percent biodiesel.

Any diesel-powered vehicle can run on biodiesel, which is sold in a variety of blends, with from 5 percent to 99 percent derived from waste or plant oils mixed with petroleum diesel.

Retail buyers of biodiesel represent about 25 percent of SeQuential's sales, while private and public fleets account for the remaining 75 percent, Endicott said. The company lists more than 67 private companies using its biodiesel, including wineries, bookstores, landscapers, builders, contractors, and fast-food companies.

Public agencies running biodiesel include the city of Eugene, the city of Portland, the state Department of Transportation and the University of Oregon.

Lane County is the latest public agency to expand its use of biodiesel. For the last year, the county has been testing B5 biodiesel in pickup trucks and heavy machinery, said Phillip Guyette, fleet manager.

"We couldn't tell any difference in performance or maintenance costs between petroleum-based diesel and B5," he said.

Now, at the direction of the county commissioners, the county will expand its use of biodiesel. B5 will become the default fuel in diesel vehicles, and B20 - diesel that's 20 percent waste or plant oil - will be tested on up to 40 vehicles, Guyette said. About 450 of the county's 800 vehicles have diesel engines.

The county gets its biodiesel from two conventional petroleum distributors, Jerry Brown Co. and Tyree Oil.

On a smaller scale, Peterson Machinery of Eugene has begun running B20 biodiesel in the six delivery trucks at its three Cat Rental Stores. The company expects to reduce its consumption of conventional diesel by about 1,800 gallons per year in each of its vehicles.

"The fuel is readily available in our service area in Eugene and Springfield," said Rick Bolen, Peterson's general manager of rental services.

The use of ethanol mixed with gasoline is gaining ground in Oregon, as well. As of Nov. 1, the city of Portland required that all gasoline sold in the city include 10 percent ethanol.

In August, Pacific Ethanol Inc., a publicly traded company based in Sacramento, opened an ethanol plant in Boardman with the capacity to produce 40 million gallons a year of ethanol. That triggered the state's renewable fuels standard, requiring that all gas sold in Oregon include 10 percent ethanol. Starting Jan. 15, all gas sold from
Salem north to the coast will be 10 percent ethanol; the rest of the state will come on line by July 15 of next year.

All gas-powered cars can run on gas that's 10 percent ethanol. Some "flex-fuel" vehicles can run either on straight gasoline or gas that includes up to 85 percent ethanol.

As demand for ethanol as a fuel has increased, driven by government incentives, so too has controversy about its production and use. Increased demand for the fuel has increased prices of corn and other grains, which is good news for farmers but has been blamed for rising food prices. Critics also say that ethanol's "net energy" - the energy it provides after subtracting the amount of energy it takes to produce and distribute it - is marginal, as is its ability to reduce greenhouse gases.

Company History

Launched: SeQuential Biofuels started in 2002 as a marketing and distribution company with offices in Portland and Eugene.

Retail: SeQuential Biofuels Retail launched in 2004; first station opened in September 2006 in Eugene.


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### Abstract (Document Summary)

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