



Lowering renewable fuel standards could affect new Hugoton plant

• L&T staff report Three commercial-size biorefineries are scheduled to go online this year to produce advance biofuels from cellulosic materials, mostly corn residue – otherwise known as corn stalks or stubble that’s left over after harvesting. Among those is a biorefinery in Hugoton, which is on track to start turning corn and wheat residue into cellulosic ethanol within the next few weeks.

As companies move toward start-up phases, however, representatives are also fighting to keep the Renewable Fuel Standard vital.

In mid-November 2013, the Environmental Protection Agency proposed lowering the volume of renewable fuels required to be blended into gasoline to a targeted 15.2 billion gallons. That’s 3 billion gallons less than are currently mandated for 2014.

Advanced biofuels proponents, as well as the corn-ethanol industry, are up in arms. They’re taking their turns testifying at EPA hearings on how this proposal will hurt renewable fuels industry – and farmers who supply the feedstock.

Christopher Standlee is the executive vice president of institutional affairs at Abengoa Energy, the company in charge of the incoming Hugoton plant, and he believes the EPA is making a glaring error.

“We think the EPA is making a mistake and backtracking on a commitment that was made by the administration in the law several years ago – to have an option for renewable fuels and not to be continually reliant on petroleum,” he said.

Standlee said he and others have testified at EPA hearings and will continue to make their opinions on the issue known publicly.

“We’re certainly disappointed in the proposal and think EPA did not really understand when it proposed this rule the potential importance that it could have on, not just first-generation corn-type ethanol, but also on advanced ethanol – cellulosic ethanol,” he said. “That law was a market-maker, and if you lose what at one time seemed to be a market guarantee of sorts, it makes investments much harder to find for future plants.”

The good news is that all three facilities will be up and running, according to company spokespersons.

After completing a record stover of 100,000 tons, Abengoa has the feedstock it needs for most of 2014. The facility will need about 300,000 tons of feedstock per year to produce at its yearly capacity of 25 million gallons of biofuel.

Standlee said being able to harvest wheat straw in June or July and corn stover a few months later offers the company two windows of opportunity to get a good feedstock crops.

Satellite storage areas dot the countryside surrounding the biorefinery, and local farmers rent out space on pivot corners and other underutilized land.

Standlee estimated that farmers within 50 miles of the Hugoton facility will, as a whole, make \$17 million annually from their crop residues.

The RFS debate won’t slow construction on the Poet-DSM Project Liberty cellulosic ethanol plant near Emmetsburg, Iowa. It’s on schedule for start-up within the first half of 2014, according to public relations director Matt Merritt.

“But what’s happening with the RFS is something that we’re keenly interested in,” he said. “It’s something that folks are watching. Customers need to know that vision for renewable fuel use is still intact and that we’re still committed in order for them to make investment decisions.”

This fall, about 100,000 tons of corn stover, or what Poet calls “cob bales” that are heavy on cobs and light on stalks, were harvested in the area.

“That will be plenty to operate the plant once we get it started up,” Merritt said.

The company is contracting with farmers for next fall’s harvest of 285,000 tons of feedstock to produce 20 million gallons of fuel initially. The plant will later ramp up to 25 million gallons per year.

Growers can contract to harvest, store and deliver cellulosic material, or they can choose to have the work custom harvested.

“We work with a number of custom balers in the area,” Merritt said. “A neat side effect of the plant is farmers getting together, getting some equipment and starting a business up. And it’s an opportunity for some young entrepreneurs to get involved in agriculture without having to spend all the money to start up a farm.”

In the second half of 2014, expect to see DuPont's Nevada, Iowa, cellulosic ethanol facility produce the first of its 30 million gallons of fuel per year, said Wendy Rosen, DuPont global public affairs lead.

At full capacity, she expects more than 500 local growers will be needed to supply the facility with the corn stover it needs. Much of the feedstock is stored at satellite facilities within 30 miles of the plant.

Rosen said farmer interest is high.

"We have calls all the time from growers who see their neighbors' fields and our harvest equipment, and they're curious," she said. "We're working to create awareness and to explain, not only the terms of additional economic opportunity for folks' revenue stream, but also the agronomic benefits of partial stover removal."

An Iowa State University study showed that removing some stover is advantageous to the soil.

The current RFS proposal, however, may hamper such work, as this EPA hearing testimony from James Collins, DuPont senior vice president, related:

"I firmly believe that reversing course on this policy would have devastating effects," he said. "Short term, it would inject uncertainty into an improving economy with job and tax revenue loss. Long term, we risk much more. We would find ourselves shipping these technologies, jobs and environmental benefits overseas to countries with more stable policy environments."