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Energy

Farmers cultivate biofuels market

State retailers, distributors grow as market expands

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THE BELLINGHAM HERALD

Meritt Wolfkill is quick to admit that he didn't plant his canola fields out of a burning need to save the environment.

The Snohomish County farmer started test plots of the crop near Monroe in 2006, hoping to sell the high protein meal for cattle feed.

But as soaring gas prices and environmental concerns popularize biofuels, Wolfkill is now one of many Washington farmers growing oilseed crops like canola and mustard. The goal is to sell the main crop to the usual sources and its byproduct, oil, to companies that produce biodiesel, a fuel alternative made from vegetable or animal fats.

Biodiesel consumption in Washington state grew from a few thousand gallons in 2001 to an estimated 12 million gallons in 2007, according to a 2007 report by the Washington State Biofuels Advisory Committee.

But Washington farmers who are eager to cultivate the burgeoning biodiesel market often encounter a lack of infrastructure required to store, crush and refine the oils their crops produce. And a recent rash of bad publicity alleging that biofuels affect food prices hasn't helped their case.

Still, skyrocketing oil prices continue to fuel the demand for alternatives like biodiesel, pushing retailers and distributors to grow along with the expanding market.

Bellingham biodiesel distributor Whole Energy, which began offering biodiesel at the Bellingham Farmers Market in 2004, now distributes to 21 retail locations in Washington, five of them in Whatcom County.

"There's been a lot of growth in the industry," said Whole Energy spokesman Joshua Clements. "In fact, demand has outgrown the industry."

The number of biodiesel retailers in the state has nearly tripled and the number of distributors almost doubled since 2005, with 59 retailers and 31 distributors now operating in Washington.

Whole Energy is awaiting the final permit for construction of a biodiesel production plant in California with the capacity to produce 3 million gallons of the fuel each year.

Clements said the company hopes to begin production there by the end of this year. The business also is looking toward constructing a production plant at its current wholesale location in Anacortes.

As Whole Energy develops, Clements said the business is eager to patronize Washington farmers. But it's been difficult to find enough raw material, or feedstock, locally to support the industry, he said, leaving Whole Energy to transport virtually all of its feedstock by rail from growers in the Midwest.

Cutting transportation costs by using local feedstock could also cut prices for biodiesel, which now runs between about \$5 and \$5.50 a gallon, compared to diesel, at less than \$5 a gallon.

"What really drives this market is having control of your own feedstock," Clements said. "Eighty percent of our costs are feedstock-based. We want to produce biodiesel locally and source feedstock locally."

FARMERS

That's where farmers like Wolfkill come in. Though he harvested 280 acres of canola last year, the infrastructure required to sell the byproduct for biodiesel use wasn't yet in place.

Canola must be dried and stored before being pressed to extract oil, which is then refined by a biodiesel producer.

Wolfkill could not find a local outfit to crush the seeds, and sold the crop to a crusher in Sunnyside as he lobbied local, state and federal agencies to fund the infrastructure that would make locally produced biodiesel a reality.

As a result of his and others' efforts, Snohomish County is constructing a \$1.25 million drying, storage and crushing facility for oilseed crops. Wolfkill said he's also working with the state and the U.S. Department of Agriculture to acquire funding to construct a biodiesel refinery in Snohomish County.

"We're trying to create that niche (for biodiesel)," Wolfkill said. "It's pretty neat to see the county get behind us like this."

IN WHATCOM COUNTY

The city of Bellingham and Whatcom County have already begun their own fuel transition. Last week Whatcom County Council approved a \$75,000 grant from the Northwest Clean Air Agency to help fund construction of a \$150,000 biodiesel fueling station for Whatcom County vehicles.

The project is the result of a 2006 pilot program using biodiesel in Parks and Recreation and Equipment Services vehicles, said Eric Schlehuber, equipment services manager.

After the vehicles suffered no breakdowns or clogging, the county approved the 20,000-gallon station, which will primarily serve road department and parks vehicles.

Schlehuber said the departments will go through about 10,000 to 12,000 gallons of biodiesel monthly from the station, which is expected to be in place at the Smith Road central shop facility by the end of the year.

The city of Bellingham began using biodiesel in May 2007 in all city-owned diesel vehicles except fire apparatus, ambulance and emergency station generators.

FOOD VS. FUEL

But as the biofuel industry has grown, so has criticism. Many critics say expansion of biofuels is partially to blame for higher global food prices, using valuable land to grow fuel products instead of food.

The USDA refuted those claims in a May press conference, estimating that perhaps 3 percent of the more than 40 percent increase in world food prices this year is a result of increased demand for corn for biofuels.

USDA officials pointed to the rising costs of oil and fertilizer, in addition to the impacts of drought, export restrictions and taxes.

Wolfkill said critics of biodiesel often forget that canola meal is used to feed cattle regardless of what the oil is used for, adding that the land he used to grow canola was long fallow.

Ted Durfey, owner of Natural Selection Farms in Sunnyside, has been growing canola since 2003.

“It’s a really nice loop because the meal can be used on the farm and the oil can be used for biodiesel,” he said. “We’re creating food and fuel out of inedible (seed), we’re creating valuable jobs and a fuel at 38 percent emissions.”

Durfey’s investment has paid off: Natural Selections filled a \$1 million canola contract with Imperium Renewables, one of the nation’s largest biodiesel producers, last fall. The company also provides feedstock to Burbank, Wash., biodiesel producer Gen-X Energy Group and Seattle producer Propel.

Propel, which recently opened new retail stations in Mount Vernon and Seattle, applied in May to build a fueling station in Bellingham.

“We evaluated the best places (for stations) all over Washington,” said Propel spokesman Chris LaPlante. “Bellingham has a combination of the right kind of vehicles and the right support for alternative fuels. Oil needs some competition, quite frankly, and I think people realize that and they’re ready for a change.”

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