

Blue Ridge Biofuels bucking the trend

By Mike Cronin

Slogging is a concept with which Woody Eaton and his colleagues at Blue Ridge Biofuels are familiar.

For 12 years, they've earned a living by transforming leftover cooking grease from more than 600 Asheville-area restaurants into biodiesel.

The physical toil is only part of it. Navigating the market's obstacles has been taxing, too.

Plunging oil prices have made the company's product pricier than petroleum. Congress chose not to renew the federal biodiesel blenders tax credit until the middle of last month.

And, last year, the U.S. Environmental Protection Agency did not identify the amount of biodiesel required to be mixed into America's fuel supply according to the Renewable Fuel Standard.

Despite all that, Eaton and his colleagues are moving and expanding their operations to a facility in Newton, Catawba County.

"We'll be OK," said Eaton, Blue Ridge Biofuels' CEO, "We're optimistic."

The move and Eaton's positive thinking defy a national trend in Biofuels this year, according to Erika Myers, a senior associate who analyzes the renewable-energy sector at ICF International, a Virginia-based consulting firm.

"Some of the smaller producers are already beginning to close up," Myers said, while larger companies such as the Minneapolis-based Cargill are still producing.

No one knows what Congress and the EPA will do in 2015 regarding Biofuels, Myers said.

Biofuels – of which biodiesel is a type – are petroleum fuels that include organic material such as vegetable oil or corn.

Eaton and his colleagues pay the restaurants for the grease they collect from them, he said.

"Ten years ago, restaurant owners would give it to us for free," Eaton said. But, perhaps in another sign that the Western North Carolina Biofuels environment contrasts the country's competitors for that grease have forced Blue Ridge to pay for it.

Some government officials, like those in Catawba County, and company executives, such as Brad Goodson, who co-owns the Candler-based Tennoca Construction Company, are using Blue Ridge biodiesel to cut down on emissions.

Eaton hopes to begin biodiesel production in Newton by May and hire three new employees, he said. And the number of new jobs could go up to 18 by 2017.

The new plant is about 85 miles east of their current digs in the basement of the Phil Mechanics Studio building in the River Arts District.

Eaton said revenue growth slowed last year due to recent federal policy. But Blue Ridge's overall track record gives him good reason to be hopeful. The company has increased annual revenues and biodiesel production every year since becoming an LLC in 2005, Eaton said.

During the last five years alone, Blue Ridge's biodiesel gallon yield has more than tripled to 372,258 in 2014 from 107,175 in 2010, he said.

Creators of the Catawba County Biodiesel Research Facility say part of their mission is to help Blue Ridge thrive.

"We absolutely want to see Blue Ridge be successful," said Jeremy Ferrell, an assistant professor of technology and environmental design at Appalachian State University in Boone. "We need them to be successful. Our research can help them with being cost-competitive."

Appalachian State official partnered with Catawba County officials to build the roughly 7,500 square-foot biodiesel factory, which is part of an approximately 805-acre ecocomplex. That complex includes a company that makes green pallets and plots to grow biodiesel feedstocks, such as sunflower seeds.

State and federal grants provided about \$1.6 million to pay for the biodiesel plant's equipment, said Ferrell. County officials put up another \$1.6 million for the construction of the building, which workers completed in 2011, Ferrell said.

"We'll be able to increase our biodiesel production to 3 million gallons a year," Eaton said. "That location also will open up other markets like Greenville (South Carolina), Charlotte and Spartanburg (South Carolina)." Catawba County will lease the biodiesel plant and the 1.9 acres on which it sits to Blue Ridge for \$6,000 annually during the first two years, said Jack Chandler, assistant director of the ecocomplex. After that, the lease price will be tied to the consumer price index, he said.

"We wanted to keep the rate low early to help them get established," Chandler said. "Then, after that, we all agreed basing it on the (consumer price index) was appropriate."

The partnership benefits the county in a few ways, Chandler said.

Blue Ridge will be paying part of its rent by supply cheaper biodiesel to the ecocomplex, which is also the site of the Catawba County's landfill.

Ecocomplex officials are converting the fuel that onsite vehicles use to a blend that includes 10 percent biodiesel from one that is 100 percent petroleum-based diesel, Chandler said.

"It's no secret that biodiesel emissions are less harmful than petroleum diesel (emissions)," Chandler said. "That's an annualized savings of about \$52,000 (for the county)."

The policy also helps the county comply with EPA regulations governing overall landfill emissions, Chandler said.

Activity and resources supporting Biofuels do exist throughout North Carolina, said David Rhoades, a spokesman for the state Department of Commerce.

"Biomass is a source fuel for some of our electricity generation – at 2 percent of our total, a small percentage, but one we expect will grow," Rhoades said.

And since 2010, at least four wood-pellet production facilities have opened in the state, Rhoades said. Those projects have infused North Carolina with hundreds of millions of dollars in investment and created more than 300 jobs, he said.

Still, those such as Steven Burke, former president and CEO of the Biofuels Center of North Carolina in Oxford, Granville County, say the state soured on nurturing the Biofuels sector in 2012 when Republicans took over the governor's mansion and both chambers of the General Assembly.

Republican legislative leaders and GOP Gov, Pat McCrory in June 2013 halted funding of the center that Burke led since 2008.

A Democratic General Assembly funded the center in 2008 with a \$5 million biannual budget to establish a state Biofuels sector.

With its banishment, state leaders "have substantially truncated North Carolina's opportunity to establish a toehold in the Biofuels sector over the next 10 years," Burke said. "The new governor and Legislature elected in 2012 did not like renewable, sustainable, alternative fuels to petroleum."

In an email to the Citizen-Times, Crystal Feldman, a spokeswoman for the state Department of Environment and Natural Resources, said that wasn't true.

"Gov. McCrory believes in an all-of-the-above energy strategy, which includes the use of Biofuels," Feldman said. "He supports energy sources that clean, reliable and economically viable."

Speaking for McCrory, Feldman also said that the state has made progress in the biofuels sector, despite closing the center.

“The N.C. Department of Agriculture and Consumer Services conducts research and development, and our universities and nonprofits continue grant-supported research,” Feldman said. She could not provide any examples.

Sen. Phil Berger, R-Rockingham and Senate president pro temper, did not respond to messages requesting comment.

U.S. Sen. Thom Tillis, R-N.C., who was state House speaker when the General Assembly shut down the center, said in an email that “the closure has had a minimal impact on the state given that in 2013, the General Assembly provided funding for the creation of the Bioenergy Research at the state’s Department of Agriculture and Consumer Services, which has already distributed more than \$1.5 million to bioenergy development – funding that has largely been distributed in Western North Carolina.”

North Carolina boasts 16 percent of public and private-access biodiesel fueling stations nationwide, according to the U.S. Energy Information Agency.

The biodiesel industry has produced more than a billion gallons each of the last four years, said Kaleb Little, spokesman for the National Biodiesel Board, based in Jefferson City, Missouri.

Last year, the 1.7 billion gallons produced composted about 5 percent of the on-road diesel fuel market, Little said. The industry supports more than 62,000 jobs, he said.

“Alternative fuels still make up a very small percentage of fuel overall,” said Ferrell, the Appalachian State professor. “And biodiesel is still less than 1 percent of all diesel. But it’s growing. The forecast is that will grow to within 10-percent range in 20 to 25 years.”