

## Push for biofuels loses momentum

*Lower oil prices deflate urgency for developing alternative fuel sources*

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Capital Press

Efforts to develop biofuels, like so many endeavors requiring money, have slowed in recent months.

While production remains steady, new development in biomethane from dairy digesters has stalled, as has research into blend biofuels. And for the U.S. to pursue its alternative-fuel visions, that research is necessary.

While cellulosic ethanol -- fuel created from breaking down a plant's stalk material, as opposed to the sugars in grains -- remains the goal of the biofuel community for environmental and economic reasons, it remains uncertain which inputs and technologies will produce it.

"There's a state of confusion, to tell you the truth," said Allen Dusault, director of the Sustainable Agriculture program with Sustainable Conservation, a San Francisco-based nonprofit that works to fuse environmental sustainability with economic growth. "There's a clear vision of where we're going to go, but not a clear vision of how to get there. As much as we want to blend biofuel in (with gasoline), it's not clear where that oil is going to come from."

The research needed for finding those answers has fallen victim to a depressed economy and slowed investment. And it doesn't help that oil prices, having spurred biofuel interest when they spiked, have since moderated, reducing the sense of public urgency.

Dusault said moderating oil prices have eroded interest in biofuels "big time."

"As the price of oil drops, all of a sudden these alternatives look a lot less attractive," he said.

Tight investment capital is likewise dragging down growth in dairy biomethane, said Ken Brennan, a project manager with utility PG&E.

"Investors are really key, because a lot of these producers are small businesses," Brennan said.

Talk in the biomethane industry has involved future efforts to expand infrastructure, which would allow more dairies to pipe gas to the utility. Those improvements would be funded by biomethane developers -- the companies that contract with producers to build and operate digesters on their dairies -- who would see the most direct benefit, Brennan said.

Producers are still seeking new contracts with dairies, preparing for when the investment climate improves. But with investment money tight, projects aren't likely to take shape in the near future, Brennan said.

Likewise, ethanol production from corn has remained steady, although growth has stalled. Analysts, meanwhile, agree that a growing biofuels market must rely on a diversified collection of fuel crops.

Sorghum has ascended as an alternative for producing ethanol in amounts similar to corn, but more efficiently. An oilseed crop called jatropha has attracted attention as a possible source of blend fuel, but the buzz has cooled because the crop is too sensitive to temperature dips, Dusault said.

The high-value specialty crops prevalent in Western states create a challenge to fuel-crop production. Even in those growing areas where specialty crops don't dominate, it's tough to compete with the mass grain production of the Midwest, Dusault said.

But that characteristic also spells potential once cellulosic ethanol achieves viability. In California, rice growers could find biofuel markets for their leftover straw -- as could growers of many crops that leave behind unusable plant material after harvest.

The ethanol industry continues looking toward cellulosic ethanol as the key. Economically viable production of cellulosic ethanol "has been five or 10 years away for the last 10 or 20 years," Dusault said.

Successful energy crops likely won't be "purpose-grown" commodities, grown specifically for biofuel production, Dusault said. Rather, they will be crops that can serve more than one market -- like corn, which can feed ethanol production while the byproduct goes to livestock feed.

"I tend to think it's not going to be any one waste stream. It's likely to be many waste streams," Dusault said.

"Growing the crop is the easy part," he said. "You have to then capture that energy value."

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Visitors tour the Pacific Ethanol Magic Valley plant near Burley, Idaho, during the grand opening in May 2008. The plant was designed to produce about 60 million gallons of ethanol per year.