Future uncertain for Ukiah biodiesel producer

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Two years ago, the future looked bright for Yokayo Biofuels, a biodiesel producer based in Ukiah, when it received a large grant from the state to launch a project that would radically improve its operations.

"The grant was to install an enzymatic process that would increase our capacity by about 75 percent, which would dramatically increase the yield we get, and dramatically change the cash flow for our company -- by thousands more dollars a month," said Kumar Plocher, the company's CEO, explaining that the new process would create a pure glycerin product that would be "worth more than biodiesel" and require far less energy during production.

"It also virtually eliminates the amount of water we use at our plant, which is 600 gallons a day," Plocher continued. "There are a whole lot of reasons why the bottom line looks incredible (if we can adopt this process), and a whole lot of reasons why we have to adopt it, because if we don't, we're basically existing at the whim of government programs."

When the company got the $1.86 million grant, Plocher said "we spent every spare dollar we had on the engineering for the project, to the tune of hundreds of thousands of dollars." However, the company ended up not being able to use the grant because its source for the required matching funds, $2.7 million, was not able to provide the money.

Since then, Plocher said, the company has fallen "deeply into debt, and if we don't fix our business model, we're going to boom and bust at the whim of government incentives and subsidies. Obama has been the worst president imaginable for biofuels."

As an example, Plocher pointed to the Renewable Fuel Standard, which requires certain companies to buy carbon credits from companies like Yokayo Biofuels, which collects used deep fryer oil from more than 800 facilities in Northern California and converts it into biodiesel.

"The whole strength of the program was in the requirement going up every year, but the Obama Administration decided not to increase it this year," he said, explaining that because of that, biofuel companies like his receive only 30 cents per gallon rather than $1.50. "It's ridiculous -- we're really hamstrung."

Changes can still be made to the requirement by June 20, and if the requirements are increased, "those carbon credits could really help us." But ultimately, Plocher said, it will be completing the enzymatic process project, which he estimated will cost "far less than $3 million," that will keep the company alive.

The best options for the company now, he said, are to be sold to someone who has the money to complete the project, or "the situation I would love to see if there was some benevolent, wealthy person that could guarantee a loan to us. With the project in place, we could definitely make the payments on that loan."