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Biodiesel industry 'slowly being bled dry,' survey finds

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The majority of U.S. biodiesel producers have slowed production, laid off workers and delayed or canceled expansion plans this year, according to a new industry survey released today.

The survey conducted by the National Biodiesel Board found that 78 percent of biodiesel producers have reduced production this year compared with 2013, while 57 percent have idled production altogether or shut down a plant.

A third of producers have reduced their workforce or expect to reduce their workforce this year. Eighty-five percent of producers have delayed or canceled expansion plans.

"We are all slowly being bled dry," Jeff Haas, CEO of General Biodiesel in Seattle, said in a news release.

Biodiesel is an advanced biofuel made from soybean oil, animal fats and used cooking grease that is blended with petroleum-based diesel. The survey is based on the responses of 54 biodiesel producers, or about half the active producers in the country, and was conducted between April 14 and April 25.

The National Biodiesel Board and producers blamed the setbacks in the industry on a proposal by U.S. EPA to roll back the nation's biofuel blending requirements and on the expiration of the $1-a-gallon biodiesel tax credit.

The inconsistency in EPA and Congress is "wreaking havoc" on the industry, said Anne Steckel, NBB's vice president of federal affairs.

EPA's proposal would reduce refiners' biofuels requirements this year by 16 percent compared with the level set by the 2007 statute that created the renewable fuel standard. For biodiesel, EPA has proposed to require at least 1.28 billion gallons of biodiesel be used in 2014 and 2015 -- below the industry's actual production last year of nearly 1.8 billion gallons.

Shortly after the agency released the proposal, Congress allowed the industry's tax credit to expire for the third time in five years, along with a host of renewable energy tax incentives. Historically, congressional wavering over the tax credit has contributed to large fluctuations in annual biodiesel production (Greenwire, July 8, 2013).

The Senate this week is considering a tax package that would extend the credit, but the legislation is in danger of faltering amid partisan fights (E&E Daily, July 8, 2013).

The National Biodiesel Board planned to roll out the results of the survey this afternoon at a press conference on Capitol Hill. Sens. Heidi Heitkamp (D-N.D.), Dick Durbin (D-Ill.), Maria Cantwell (D-Wash.),

Amy Klobuchar (D-Minn.), Al Franken (D-Minn.) and Joe Donnelly (D-Ind.) were scheduled to speak in support of the industry.