The Seattle Times
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Local News

EPA policy upsets Seattle-area biodiesel producers

The Environmental Protection Agency's decision to keep the amount of biodiesel that must be blended into the nation's transportation fuel supply unchanged for two more years has upset biofuel producers in Seattle and elsewhere who had been counting on increased production.

By Kyung M. Song

WASHINGTON — Jeff Haas runs a company with a singular niche: It collects used cooking oil from food stands at CenturyLink Field and from two dozen Ivar's seafood restaurants and turns the grease into biodiesel.

Haas' General Biodiesel produces 2 million gallons of the renewable fuel annually at its Georgetown plant in South Seattle. When a six-month expansion is completed at the end of June, the plant should be able to pump out 10 million gallons a year.

Haas, however, fears there might not be enough demand for all that extra biodiesel.

That's because the federal government — which essentially dictates the size of the market for renewable fuels — has proposed to keep the amount of biodiesel that must be blended into regular gasoline and diesel unchanged for the next two years.

The announcement by the Environmental Protection Agency (EPA) upset biodiesel producers, who had hoped for increased mandates by as much as 50 percent. It also forced Haas to trim hours for his 30 employees and cut production by 20 percent.

"It set the whole industry in disarray," said Haas, chief executive of General Biodiesel. On Wednesday, Haas joined three other biodiesel executives and six Democratic U.S. senators, including Maria Cantwell, of Washington, to demand that the EPA boost the Renewable Fuel Standard requirement for biodiesel. The agency, in a reversal of previous year-over-year increases, wants to keep the 2013 biodiesel mandate of 1.28 billion gallons the same through 2015. A final ruling is expected this summer.

That proposal was part of a larger initial decision by the EPA in November to reduce the total amount of renewable fuel — including biodiesel — that must be incorporated into the nation's transportation-fuel supply by 1.34 billion gallons, or 8 percent, for 2014. The EPA said the lower volumes more accurately reflect actual production rates for renewable fuels, including ethanol.

Biodiesel producers, including three in this state, nationally produced 1.8 billion gallons last year. The industry had hoped to see the 2014 mandate increased to 1.7 billion gallons.

Biodiesel emits less greenhouse gases than petroleum diesel but is more expensive. Biodiesel blenders get a $1-a-gallon federal subsidy. But Congress let that expire at the end of 2013 along with a host of other tax breaks. The Senate is expected to vote this week on a deal to renew the tax breaks for two years.

Cantwell, who helped develop the Renewable Fuel Standard in 2007, said the biodiesel industry is depending on Congress and the federal government to create a reliable market that matches its output.

“We are holding them down because we’re not giving them predictability,” said Cantwell, who has pushed for research and production of biofuels for aviation and other uses.

Cantwell joined five colleagues at the news conference: Heidi Heitkamp, of North Dakota; Al Franken and Amy Klobuchar, both of Minnesota; Richard Durbin, of Illinois; and Joe Donnelly, of Indiana.

Haas said he can’t understand why the federal government would backpedal on a clean, domestic fuel supply. His company collects free cooking grease from 3,000 restaurants from Vancouver, B.C., to Portland, including those inside Seattle-Tacoma International Airport, that otherwise would be tossed out as waste.

Of 54 biodiesel producers surveyed by the National Biodiesel Board, an industry group, 78 percent have cut production this year. Haas’ company was among them.

“We’ve all been planning for an expanding market,” he said.