EPA changes could hurt local biodiesel

By Dale Neal
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A proposal to scale back national alternative fuels could negatively impact Blue Ride Biofuels. / JOHN COUTLAKIS / jcoutlakis@citizen-times.com

Asheville, NC – Blue Ridge Biofuels has built a thriving business turning the cooking oil that your local restaurant uses to fry your food into biodiesel to fuel your car.

But that business could be threatened by a national reduction in alternative fuels proposed by the Environmental Protection Agency. The policy change has pitted corn growers and ethanol producers against oil companies and food producers in a fierce lobbying battle on Capitol Hill.

At stake is the Renewable Fuels Standard approved by Congress in 2007 to boost advanced biofuels, requiring a minimum volume blended into the nation's transportation fuels like gasoline and diesel. The lion's share of the Renewable Fuel Standard has gone to ethanol, but there's been a smaller role for biofuels made from other materials.

Now the EPA wants to scale back the annual production of ethanol from 18.5 billion to 15.21 billion gallons. About 10 percent of each gallon of gas you pump into your car now is ethanol, typically made from Midwestern-grown corn. The EPA proposed the cut because gasoline use isn't rising as quickly as

first projected in 2007. In fact, U.S. gasoline consumption peaked in 2006 and has been falling since then.

Ethanol has also come under fire from some quarters as corn is diverted into fuel rather than food, potentially making what we eat more expensive.

But as the EPA considers scaling back corn ethanol, the new standards could also affect Asheville biodiesel made from used cooking oil.

For 2014, the standard for advanced biodiesel could be lowered from 1.7 billion to 1.28 billion.

That could put the brakes on Blue Ridge Biofuels' growing business.

"We service over 560 restaurants and contract with over a dozen small oil collection companies in our region. We collect approximately 500,000 gallons of used cooking oil a year," explained Woodrow Eaton, Blue Ridge Biofuels' general manager.

Blue Ridge Biofuels has a staff of 10, earning a living wage as certified by Just Economics. Those jobs could become shaky if the market is upended.

If the EPA proposal moves forward as it is currently written we are looking at potential layoffs, rising prices to our customers, and if things get bad enough we may be forced to cease biodiesel production selling our used cooking oil on the open market," Eaton said.

While free-marketers will question why biodiesel or ethanol needs federal support, Ben Evans, a spokesman for the National Biodiesel Board, points to the more than $4 billion in tax breaks that the petroleum companies enjoy annually. It's not a free, nor fair market when it comes to energy and U.S. policy.

Evans admits that biodiesel is a small player overshadowed by ethanol, but biodiesel has been highly successful — the first EPA-designated advanced fuel that can cut greenhouse gases by 50 percent over petroleum and the first to break 1 billion gallons of gas per year.

Cutting that standard by almost a third would put small commercial plants like Blue Ridge at risk, cutting the demand for their recycled product and potentially raising prices much higher than diesel made strictly from petroleum, Evans said. "It would make it very difficult to get market share. That would have a devastating impact on the biodiesel industry."

Ethanol has its own problems, but Eaton points out biodiesel is a very different fuel from the corn-grown ethanol.

"We still do have an energy problem in this country and we need to continue to invest in alternative energy sector," he said.

Both Eaton and Evans admit it's unclear exactly what the EPA will do in 2014, or what the immediate effect will be on the local biodiesel industry. "We had some expansion plans, but the uncertainty has forced us to postpone those," Eaton said.

"With 2014 volumes now under consideration, we are urging the EPA to establish a volume requirement at least consistent with this year's projected production of 1.7 billion gallons," he said.