

Biodiesel producers say fuel bills are better late than never

By Jim Ryan
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Both houses of the state Legislature agreed.

Democrats and Republicans agreed.

And after two years, bipartisan bills were passed July 4. They will give Pennsylvania biodiesel producers a three-year, nearly \$16 million subsidy program and mandates that all diesel sold in the state contain 2 percent biodiesel once production reaches 40 million gallons.

Better late than never, producers and others involved in the alternative fuels-market said.

"I can finally go back to producing biodiesel and spend less time at the Capitol," said Ben Wootton, president of [Keystone Biofuels Inc.](#), based in Hampden Township, Cumberland County.

Wootton is also chairman of the [Pennsylvania Biodiesel Producers Group](#), a trade association representing many of the state's biodiesel manufacturers. He led efforts to convince legislators that mandates and limited subsidies would help producers compete with those in other states.

Subsidies equal \$5.3 million a year for three years, which comes down to 75 cents per gallon to the producers on a first-come, first-served basis. Producers must be up and running to receive the subsidies.

"The incentive program only subsidizes about 7 million gallons of the 40 million, so it's just a shot in the arm," Wootton said.

The subsidy also expires in the 2010-2011 fiscal year, another provision that producers wanted in the bill.

"We're hoping that in three years we'll be far enough along to run these facilities without the incentive," said Glenn Shirey, president of CQ Inc., parent company of [Middletown Biofuels](#) in Middletown, Dauphin County.

Like Keystone, Middletown BioFuels had to stop production in February because raw-material prices were hurting its bottom line. Middletown took the opportunity to finish upgrading its facility to increase efficiency and production volumes, Shirey said. The facility went from a capacity of 2 million to 5 million gallons and now has the ability to process more materials into biodiesel, such as waste grease from restaurants.

Middletown BioFuels didn't have to lay off workers, Shirey said. A staff of four was kept at the plant to maintain it and help with upgrades. Prior to closing, it had a staff of 11. The other seven employees were reassigned to CQ companies but will go back to work in Middletown when the plant reopens, possibly by the end of July.

Keystone will be able to hire back most of its employees in the next 30 days, Wootton said. The company went from 16 workers to four in February when it halted production.

The new biodiesel laws aren't perfect, said John Nikoloff, a partner with [Pennsylvania Energy Resources Group](#), but they're a start. The group is a consulting firm that specializes in alternative energy.

Many legislators would have preferred that tax credits be used instead of direct-payment subsidies, he said. However, an amendment to change that was defeated. Much of the last-minute wrangling and voting on such bills was tied to the budget, which Gov. Ed Rendell signed July 4.

However, that didn't prevent the Legislature and governor from reaching a compromise that was good for most everyone, especially those in the biodiesel industry, Nikoloff said.

"What it shows is that the Rendell administration and the General Assembly are serious about renewable fuels and biodiesel," he said.

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