

## Oregon still a role player in biodiesel production

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MEDFORD — Oregon biodiesel production is still feeling its way through the industry's formative stages.

The hip alternative fuel of the new millennium has enjoyed legislative and environmental support. It's created a few jobs, provided a steady market for waste oil from restaurants and spawned the need for new farm crops.

The most ardent of proponents, however, realize that developing a sustainable fuel source for the 21st century is accompanied by growing pains. Even Oregon's top producer appears to be a mere role player when grouped with out-of-state entries.

"We sometimes get positioned as the 800-pound gorilla in the Oregon biodiesel industry, but we make less than 1 percent of diesel consumed in Oregon," says Tyson Keever, founder of SeQuential Pacific Biodiesel, which manufactures the fuel in Salem. "Oregon uses 720 million gallons of diesel (annually), and we're capable of producing 5 million."

That means the vast majority of biodiesel is shipped in from other states.

The Oregon Legislature has mandated 18 million gallons, or 2 percent, of the diesel pumped in Oregon must be of the bio variety. The pump price in Ashland and Phoenix is about \$3.50 a gallon, about 25 cents a gallon more than conventional diesel.

Keever says SeQuential's plant, which opened at the end of 2008, reached 82 percent capacity in March. When it goes full bore this summer it will still hold only a small percentage of the market. Soy-based biodiesel producers Archer Daniels Midland Co., of Decatur, Ill., and Minneapolis-based Cargill send far more fuel to Oregon than the state can produce.

Economies of scale make a big difference for the Midwest giants, whether in production or raw materials. At the other end of the spectrum, firms such as Rogue Biofuels, or RVB, in Ashland have had to narrow their focus.

The company, operated by Chris Benware and Jordan Beck, collects restaurant waste and offers retail fueling. It collaborated with Rick Walsh of Oregon Green Fuels in Klamath Falls to produce biodiesel for several months, but a dearth of feedstock (restaurant oil and oil seed crops are considered feedstock) to meet demand.

That led Rogue Biofuels to simplify its approach, selling the waste it collects to SeQuential and then buying the refined biodiesel from the Willamette Valley company. Eventually, Benware says, Rogue Biofuels hopes to produce its own fuel, but that is still down the road.

Rogue Valley Biofuels collects restaurant oil as far away as Central Oregon and Newport on the coast.

"Our biggest aspiration in the summer season is to gain more oil collection accounts," says Benware. "We've been honing our service and our goal is to get more restaurant accounts."

There is no shortage of competitors. Footprint Recycling of Arcata, Calif., North State Rendering Co. of Chico, Calif., and EC Restaurant Services of Harrisburg provide similar services in the region RVB covers.

"Our goal is to get as much of the market share in Southern Oregon that could allow a plant to exist," Benware says.

Even so, the industry's future will rely on crop production. "If you recycled all of the cooking oil in Oregon and captured every gallon, that would be about 3.5 million gallons," Keever says.

That means Oregon producers are going to rely on the region's farmers to make up the difference. "Wheat and grass seed farmers need to leave their fields fallow or rotate crops every three or four years," Keever says. "Canola and camelina are great crops for the Pacific Northwest. It's an economic opportunity for farmers."

The average acre used for wheat or grass seed production can yield about 100 gallons of biodiesel if planted with canola or camelina, Keever says.

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