

Renewable Energy Projects Benefit Communities & Bottom Lines

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With a production capacity of 110 million gallons per year (MGPY), located on 400 acres and featuring some of the newest ethanol refinement technologies, [Green Plains Renewable Energy's \(GRPE\)](#) Bluffton, Indiana facility cuts an impressive footprint. Trucks roll in and out of the plant seven days a week carrying corn grains in and distillers grains and ethanol out.

The ethanol production process is relatively straight forward, grains go in the front end of the system, the starches are separated, turned into a paste, then mixed with water, enzymes, and yeast, to form a beer. The beer is then distilled to 190 proof alcohol and the remaining water is removed through a filtering process and 200 proof ethanol, that can then be blended with gasoline is then sent out to all parts of the country.

I had a chance to tour the Bluffton facility and find out how the company is making its way through what has been a difficult market for the industry as of late. The company's CEO, Todd Becker said that the business is like any other commodity business, part risk management and part quality control...

The company he told me, is "lean and mean". They employ 324 people to operate the nation's fourth largest ethanol producer, behind [ADM](#), [Poet](#) and [Valero](#) (following the acquisition of assets from VeraSun). Part of this strategy includes using a proprietary piece of software that provides it's corn, ethanol and grain traders with real-time information about the commodity prices that can provide at least some data for as much as 18 months in the future.

Becker also said that he sees the ethanol industry, both traditional corn ethanol and next generation cellulosic ethanol making a comeback in the near term. Much of this comeback will be driven by the push to meet the federal renewable fuels standard that mandates 12 billion gallons be blended with gasoline next year.

The other reason the industry is set to make a comeback is oil prices and the cost reduction that ethanol can offer, that is, according to [DOE](#) estimates, ethanol reduces the price at the pump by 20-35 cents per gallon, depending on blending ratios. This cost reduction, coupled with a waiver the industry has received to test blends of up to 15% ethanol could lead to larger demand both from blenders and from consumers with flex fuel vehicles.

In the end, Becker said, while GPRE continues to push forward with a patient growth strategy, especially in an economy where capital is still a bit hard to come by, Valero's large ethanol investment really did a lot to validate ethanol in the eyes of the big oil companies who now may look for ways into the business.

Ethanol and wind energy don't have a lot in common on paper. One thing however that they do have in common is that the Midwest United States has embraced both technologies. While the local economy in Bluffington, Indiana has money flowing in from biofuels, Conception, Missouri landowners are seeing the benefits of the renewable energy economy in the form of land use revenues for wind turbines

[Wind Capital Group \(WCG\)](#) showcased its Conception facility to a group of journalists and analysts by taking us to of all places, a monastery. The Conception Abbey, located in the town for more than 125 years is home to one of the wind farm's turbines. The community has seen the benefits from a financial standpoint but they also believe that they're doing something that helps the community by providing it with clean, renewable energy.

In addition to the monastery, a convent, local farmers and other landowners have made turbines welcome on their property in Conception. WCG's CEO Tom Carnahan said that, just like the ethanol industry, the down economy has made developing projects more difficult, however he sees light at the end of the tunnel coming from a freeing of capital markets and the pending release of rules for the Treasury grant program authorized in the stimulus package earlier this year.

He said the company's next project, Loess Hills is on track to take advantage of the loans and that the company's financiers are ready to write the check as soon as there is some clarity, in other words, they're ready to play, but they need to know the rules of the game first.

Finally, a hidden benefit of the economic downturn has been more favorable turbine prices and availability for developers like WCG, Carnahan said that now instead of signing a PPA and then going hunting for turbines, he expects deals for both to be signed in the same time frame, as a result, lead times will shrink from 18-24 months to 6-12 months.

We've written a lot lately about the strength of the renewable energy industries despite the tough times facing much of the rest of the economy. Being on the ground and hearing the optimism from CEOs like Becker and Carnahan, is encouraging

When the economy recovers there may be a federal renewable portfolio standard in place, the size of which is still up in the air, and more projects like Conception and Bluffton will be put developed, helping economies around the country and putting people to work. This picture may seem a bit rosy, but if companies like these have anything to say about it, it will be a reality.