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Texas plant powers state's electric grid using only **biodiesel**

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Chicken fat and a \$3.5 million investment are behind a breakthrough in the way Texans heat, cool and light their homes and offices.

Using the slimy, light-colored tallow as the source for clean-burning **biodiesel**, Biofuels Power Corp. flipped the switch on three, 2,000-horsepower diesel engines a couple of weeks ago, adding a bit more energy to the massive grid that powers much of the Lone Star State.

Privately held Biofuels Power and others in the renewable energy business say the plant is the first of its kind to produce power for sale on the open market using only **biodiesel**, a petroleum-free alternative fuel made from plant oils like cotton seed and animal fat in this case, chicken fat.

The National **Biodiesel** Board, a nonprofit trade association, says it knows of no other such plant that runs entirely on **biodiesel**, which can be used in any conventional diesel engine. A local congressman, Rep. Nick Lampson, cited the fledgling company for its groundbreaking venture.

By year's end, Biofuels Power, based in the Houston suburb of The Woodlands, says it hopes to finish a second, larger **biodiesel**-fueled plant to produce green power for Entergy Corp. customers in parts of east Texas and Louisiana.

"This is simply one way to deliver renewable power to people," said Ken Crimmins, Biofuels Power's chief operating officer. "People are afraid of something new, but they're not afraid to turn on their light switch. Flip the switch, there's your renewable power. The electrons don't care how they're made."

Biofuels are seen as a way to reduce harmful emissions and wean Americans and the rest of the world off fossil fuels. President Bush has proposed ramping up production of such alternative fuels, like those used in some vehicles, but for now they account for an extremely small percentage of the world's fuel market.

At present, renewable energy sources biofuels, wind, solar, among them supply only about 6 percent of America's energy needs, according to the federal government's Energy Information Administration. That figure is expected to grow only to about 7 percent in the next 20 years, meaning fossil fuels will still carry the bulk of the load.

For now, Biofuels Power's contribution to Texas' energy supply is a mere blip. Its new plant in this small town 20 miles north of Houston has the capacity to generate 5 megawatts of power. Crimmins said that translates into roughly enough juice to power 3,500 homes, though the number can vary widely depending on the size of the home and the time of day and year.

Appropriately, the operation itself is small and not one that likely could have arisen anywhere.

Tommy Mann, who helps lead Accenture Ltd.'s energy industry group, said one of the big challenges for any biofuel outfit is finding a feedstock supply that not only is abundant and cost effective but also near enough to avoid expensive shipping costs.

That's certainly the case for Biofuels Power and its partner in the project, privately held Safe Renewables Corp., which produces the **biodiesel** at a plant in nearby Conroe. Crimmins said Safe Renewables is within 200 miles of four or five chicken rendering operations. Richard DeGarmo, Safe Renewables' senior vice president, said the cost of chicken fat varies depending on the season, but it usually sells for between 15 cents and 22 cents a pound.

What's more, Biofuels Power's entry into the market comes at a time when Texas is in dire need of more power supplies and as the state encourages greater diversity of energy sources. And it's found a city that couldn't be happier to have such an innovative project in its midst.

"We're a very progressive city," said Mayor Fred O'Connor. "We like progressive things."

The project hatched a few years ago and includes about 140 investors, including a group of commodity traders at the Chicago Board of Trade, Crimmins said. They've raised about \$10 million to date, including an initial \$3.5 million for the Oak Ridge North plant. Much of the remainder will be used to fund the second plant.

"It sounds like a lot of things have fallen into place for them," Mann said.

Biofuels Power has only six people on the payroll, though it occasionally hires contract workers. One or two people can operate the relatively simple plant three engines inside a small metal building with a control room.

In a nutshell, here's how the operation works: Safe Renewables takes the chicken fat and, using a chemical process, creates two products methyl esters (the chemical name for **biodiesel**) and glycerin (a byproduct sometimes used in soaps and beauty products.) The **biodiesel** is shipped by tanker truck the couple of miles to the power plant. Because the plant is easing itself up to full capacity, it's difficult to say how much fuel it will use each day, but Crimmins said the amount could be anywhere from 70 gallons to 100 gallons an hour.

But the plant doesn't run around the clock; the idea is to create power for times of the day when demand is greatest and prices are highest. Like other power generators, Biofuels Power uses a registered agent to sell the power on the open market. The price of a kilowatt of electricity can sell for as little 2 cents when demand is low to 65 cents or more at peak times.

Crimmins said the company also benefits from a \$1-a-gallon federal tax credit for using **biodiesel**.

Pondering the company's future, Crimmins said it has not decided whether to go public with a stock offering. But that might change if the company has a chance to build a much larger operation.

"It's a possibility," he said, "if we ran across an opportunity to refuel all of Hawaii, for instance, or do some major project where we couldn't raise the money any other way."

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