Upstate increases ethanol business

Union County facility would utilize barley

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Author: Elizabeth Morrisey

A new ethanol plant is planned for Union County, but you won’t see corn being used.
Osage Bio Energy LLC plans to use barley to produce the ethanol at its Carlisle plant. The $161.5 million facility is expected to produce 55 million gallons of ethanol per year and is bringing 75 new jobs to the area.

“We have what they needed with good infrastructure,” says Stanley Vanderford, executive director of the county’s economic development board. “They’ll be a good corporate citizen with the latest in technology.”

Due to the need for rail improvements and new infrastructure, construction of the plant won’t begin until early 2009 and will take two years to complete, says John Warren, director of government relations and project development for Osage Bio Energy. Based in Glen Allen, Va., the company is a subsidiary of Osage Inc., the largest independent distributor of motor-fuel-grade ethanol in the Southeast.

Osage Bio Energy was formed to focus on barley-to-ethanol production. The Carlisle plant is one of four planned for the East Coast, with two in Virginia and one location still to be determined, Warren says.

“South Carolina was an obvious target to supplement imports from the Midwest,” he says, adding that the ethanol will be distributed within a 200-mile radius. “It will be distributed as close to the plant as we can, with most in South Carolina. There is enough ethanol being used here.”

The use of barley for ethanol production is fairly new to the United States, says Warren.

“Barley can be grown on the East Coast,” he says, adding that Europe has been using it for many years.

It is a winter crop that doesn’t compete with food production for land and allows soybean farmers to grow summer crops, he says.

In addition, a protein meal byproduct of barley ethanol production can be used as animal feed.

Clemson University professor Jim Frederick says barley is a viable option for producing ethanol.

“Others are looking into it and it takes some of the pressure off using corn,” he says.

Frederick is a professor of crop production and physiology at the university’s Pee Dee Research and Education Center in Florence.

“Barley isn’t used in food products as much and there is more availability of land,” he says.

Frederick and others are also exploring ways to use warm-season grasses, such as switchgrass, that can make ethanol from plant cellulose. However, it is still another year or two before serious use of other grasses may be developed.

Michael Fields, with the state’s petroleum marketers association, says the Carlisle plant is a good thing for South Carolina. However, he has mixed emotions regarding recent legislation that he says may affect the plant and other distributors.

The new law requires oil companies to offer raw gasoline to the state’s distributors so they can blend it themselves, but a lawsuit has now been filed by the American Petroleum Institute and BP Products North America Inc. saying the law would prevent refiners from complying with the federal law mandating increases in ethanol.

“The only ones to buy (the ethanol) will be major oil companies,” says Fields. “It would significantly reduce (the plant’s) customer base and would impact prices.”

Warren agrees that the large oil companies need to offer raw gasoline to independents so they can buy and blend it themselves. If the law is overturned, the large oil companies will get the added credit that the federal government gives to ethanol blenders.

“South Carolina is doing the right thing,” he says. “Hopefully the state is successful in not being restricted to the oil companies.”

The Union County facility will operate as Congaree Bio Energy LLC and will partner with local textile plant Carlisle Finishing on infrastructure issues.

The announcement comes following recent news regarding the planned development of an ethanol terminal in Belton.

The terminal, to be operated by Lincoln Energy Solutions, will be used to store and redistribute corn ethanol transported by rail from the Midwest.