

Groveland fast becoming biodiesel central

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By Bill Orben

The city of Groveland is poised to become home to one of the largest concentrations of biodiesel plants in the U.S., should plans to operate three facilities there by early next year come to fruition.

Only Houston, with two in operation and another two planned later this year, would exceed that. In fact, the National Biodiesel Board lists only four plants total in Florida.

Biodiesel plants make biodiesel fuel with used fryer grease, animal fats and grease collected in restaurant grease traps.

Together, the three Groveland plants -- CleanFuel LLC, Southern Energy Holdings Inc. and Summit Biodiesel -- represent a significant investment in the area: Southern Energy estimates its operation alone cost

\$5 million -- and the three firms could create up to 100 jobs, paying a minimum of \$15 an hour.

Dottie Keedy, director of the Lake County Department of Economic Growth & Redevelopment, said the jobs being created through the biodiesel companies are significant for the area.

The companies also have ambitious 2009 sales targets for their operations: Summit Biodiesel, \$3.8 million; Southern Energy Holdings, \$9 million; and CleanFuel, \$120 million.

CleanFuel, Groveland's first biodiesel plant, was founded by commercial and retail real estate developer Lee Maher.

CleanFuel bought Silver Bullet Energy Inc., an existing biodiesel operation at 7432 E. State Road 50, last November for several million dollars. CleanFuel invested another several million in improvements, said Maher, who declined to give specific figures.

CleanFuel now produces 1 million gallons of biodiesel a year and plans to increase that to 5 million-6 million gallons annually. To do so, the plant -- which now has 20 workers -- eventually will add 10 more.

Maher, who has his sights set on becoming the largest biodiesel producer in the Southeast with his CleanFuel operation, has invested \$20 million thus far in the industry. He is building another plant near Allentown, Pa., and plans to buy two other plants next year.



Aaron Knight of Summit Biodiesel oversees production of biodiesel fuel at the company

Meanwhile, Southern Energy Holdings will start its operation next month, initially producing 350,000 gallons a month and, over time, increase to 1 million gallons a month. The \$2.5 million plant, being built at 15380 County Road 565A, will employ 10 to 12 people.

It chose to open in Groveland due to a partnership the firm has with INX Eco, a Groveland company that's supplying the raw material for the biodiesel operation.

The plant could be the first of three, said Sean Murphy, Southern Energy Holdings president. The University of Central Florida mechanical engineering graduate who now builds custom homes on Long Island, N.Y., said the company also wants to open plants on Long Island and maybe Jacksonville. "We plan to be in it as long as the U.S. is dependent on foreign oil."

Then there's Summit Biodiesel, which now produces 1 million gallons annually at a small building on West Pine Street in Orlando. It will open a plant in Groveland early next year capable of producing 1 million gallons of biodiesel a year.

Its \$1.1 million Groveland plant, which will have four workers, will be in a leased 4,000-square-foot building at 241 Sampey Road. The equipment for the operation should arrive in October, and the plant will open in January.

Could capacity outstrip demand?

The growth of the biodiesel industry could be its eventual undoing.

Consultants who advise on the feasibility of biodiesel plants warn the capacity to produce the fuel is greater than the demand.

Although sales doubled from 250 million gallons in 2006 to 500 million in 2007, the 171 plants across the U.S. have the capacity to produce 2.24 billion annually.

"There has to be some shakeup in the industry," said Bob Carson, a Minneapolis-based consultant who advises companies on the feasibility of operations involving vegetable oils and animal fats.

Carson said a number of biodiesel operations have closed nationwide, particularly those using soybean oil as the raw ingredient to make the fuel.

Another potential threat to the industry could be the growing competition for raw materials used to make biodiesel.

Although the new biodiesel plants planned for Groveland use waste products -- such as used grease or oils extracted from restaurant grease trap holding tanks -- the used grease also is used in animal feed and cosmetics.

Industry insiders said the key to making the biodiesel model work is having commitments from, or a sizable stake in, companies that collect waste oils that are converted into biodiesel. Another key component is having commitments from firms willing to buy the finished product.

That should be no problem, said Larry Long, president of CleanFuel LLC, adding that his firm has more demand than it's able to produce.

Aaron Knight of Summit Biodiesel agreed, saying demand is high. "Never have I been involved in an industry where I get so many calls from people wanting to buy my product."