

Turning Colorado grease into gold New biodiesel production facility to open in 2009

By Heather McWilliams

Restaurants and even home chefs produce a prodigious amount of cooking oil (deep-fry your Thanksgiving turkey this year?) and getting rid of it can be daunting.

Used cooking oil must be legally disposed of, which prohibits discarding it in landfills or flushing it down most sewer systems. Traditionally processed into yellow grease and used as a feed supplement for live stock in the agricultural industry, yellow grease gained popularity as feedstock for biodiesel production in recent years.

Rocky Mountain Sustainable Enterprises, a Boulder-based company founded in 2005 with a focus on waste products as their biodiesel feedstock, collects the used oil from restaurants under the name recycOil. The company currently serves more than 2,000 customers ranging from family-owned restaurants to chains and institutions such as the University of Colorado.

This year, RMSE plans to break ground on a \$4.2 million, high-quality biodiesel-production facility in Fort Morgan. The facility should begin producing biodiesel for sale to upstream refiners, distributors and terminal operators in the third quarter of 2009.

Once up and running, RMSE's Fort Morgan facility will produce about 4.5 million gallons of biodiesel a year, or 0.5 percent of the total diesel used in Colorado each year. That leaves a lot of room for growth.

"We think the market will ultimately support something about 10 times that – around 40 to 45 million gallons a year," said Aaron Perry, CEO and founder of Rocky Mountain Sustainable Enterprises.

But maintaining a biodiesel production facility in Colorado has proved tricky during past attempts. Several facilities began only to close their doors, Perry said.

Factors such as the fluctuation in the cost of feedstock oil can cause profit margins to shrink for biodiesel refiners. Many companies import feedstocks from out-of-state adding to costs, while some companies don't establish a strong feedstock supply before jumping into refining. Additionally, producing biodiesel that meets mandatory biodiesel standards for a commercial product can be a technological challenge, particularly when using recycled cooking oil.

One facility, American Agri-Diesel in Burlington, Colo., mothballed its 10 million gallon capacity biodiesel plant after five months of production due to feedstock price increases and changes in the price of gas, but they plan to reopen the plant in the future.

“We’re just waiting for market conditions to improve,” said American Agri-Diesel owner Jeff Dwire.

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