



Myron Danzer is the general manager of the REG biodiesel plant in Glenville, Minn., on Aug. 18. After hitting rock bottom a few years ago, the industry is booming again thanks to a revived federal tax credit and renewable-energy mandates.

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Back From The Brink

Biodiesel Industry Is Booming Again After Lean Years

BY DAVID SHAFFER

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GLENVILLE, Minn. — For more than three years, the SoyMor biodiesel plant sat idle — victim of a slump that took down more than a quarter of the plants in the industry.

But biodiesel is booming again, and a sign of the revival happened last week in this small southern Minnesota town. Workers started up the plant on Wednesday, and soon the fuel was flowing.

"Everybody kept their fingers crossed and hoped it would be a lot shorter," rehired worker Aaron Kuennen said of the long layoff as he unloaded tanker trucks full of soybean oil Thursday.

Across the nation, biodiesel plants have been restarting or ramping up production, spurred on by a revived federal tax credit and renewable energy mandates. The industry's trade group, the National Biodiesel Board, last week reported that U.S. production is headed toward a record year after three consecutive months of record output.

It comes after biodiesel's big bust. At least 52 of the nation's 170 biodiesel plants were idled last year, and others scaled back production, according to the U.S. Environmental Protection Agency. In the two years ending last December, output of U.S. biodiesel for trucks and heavy equipment fell 54 percent.

In Minnesota, the Glenville plant outside of Albert Lea was among the first to shut down. It originally was called SoyMor Biodiesel LLC, but its local owners last month sold the plant to the company that built and formerly managed it, Renewable Energy Group Inc., based in Ames, Iowa.

The plant's sign now is draped with a temporary one bearing the company's initials: REG.

Another of Minnesota's four biodiesel plants, FUMPA Bio-fuels in Redwood Falls, has remained shuttered since December. The plant, the state's first biodiesel producer in 2004, is for sale, and because it's small and portable, it likely will be moved after new



Becky Williams removes pumping tubes from a truck delivering oil to the REG biodiesel plant in Glenville, Minn., on Aug. 18.

RENEE JONES SCHNEIDER/MINNEAPOLIS STAR TRIBUNE/MCT

owners purchase it, said Chuck Neece, who heads the biofuels division of cooperative that owns it.

The U.S. biodiesel industry grew out of a desire by soybean farmers to get better prices early in the last decade.

Minnesota began requiring that biodiesel be blended into diesel fuel sold at pumps in 2005, and now mandates a 5 percent mix. Nineteen other states now offer various incentives in addition to the federal tax credit that has encouraged blenders to use biodiesel in motor fuel.

At first, biodiesel producers relied almost entirely on soybean oil as a feedstock, subjecting it to a chemical reaction with alcohol to produce fuel similar to petroleum diesel. Some plants now have technology to process waste oils from restaurants and unrefined oils and fats from rendering, meat-packing and ethanol industries. About half of U.S. production still is derived from soy oil, industry officials said.

In the industry's first boom, U.S. output expanded eightfold from 2004 to 2008, peaking at 691 million gallons.

"It was awfully exciting," said Ed Hegland, a farmer near Appleton, Minn., who served as chairman of the National Biodiesel Board from 2007 to 2010.

Then the troubles hit — the global financial meltdown, trade

barriers that hurt sales to Europe and high soybean prices, Hegland and others said. The worst blow came last year when Congress temporarily eliminated a \$1 per gallon tax credit to encourage blenders to use biofuel.

"It was extremely difficult to see a renewable energy industry that was just getting legs under it to be so dramatically set back by a number of things out of our control," Hegland said.

At the Glenville biodiesel plant, one of two large Minnesota plants with capacities of 30 million gallons per year, the end came suddenly in March 2008. Rachel Asmus, who recently returned to run the plant's lab, remembered the shock and sadness. "One week I had a job," she said. "Then they told us we wouldn't have jobs at the end of the week."

Biodiesel's revival began after Congress in December restored the tax credit for another year, and the EPA established higher biodiesel blending mandates under its renewable fuel standards.

At some plants, production ramped up immediately. But the SoyMor plant in Glenville remained idle until it was sold in July in a stock transaction to REG, the nation's largest biodiesel producer.

In a major industry consolida-

tion, REG has acquired three other plants in the past 18 months. It wants to raise \$100 million in an initial stock offering to acquire another plant it now leases. It also wants to complete work on three plants whose construction was halted during the biodiesel bust.

Myron Danzer, who manages the Glenville plant and two others for REG, said the restart went smoothly. Some electrical components had been damaged by a voltage surge. One pipe was damaged by freezing, others needed to be cleaned and everything needed to be tested, he said.

He hired 20 people, including five former workers, and by last Wednesday the first soybean oil was pumped into the system. Six hours later, at 9:14 p.m., Danzer was holding a flashlight and "sitting up on the tank waiting for it to come in." After the first gallons flowed, everyone gathered in the plant's control room for a celebration picture.

"It's been running ever since then," he said, and over the next 24 hours had processed about 50,000 gallons. Tanker trucks will begin hauling fuel to blenders this week, he said.

After experiencing one bust, many in the industry wonder whether this plant and others will keep running, given the recent resistance in Congress to extending biofuel tax credits. The industry has been lobbying to retain the \$1-per-gallon credit, and Rep. Collin Peterson, D-Minn., an industry supporter, is cosponsor of the House bill.

One question is whether the EPA mandate to blend biodiesel into motor fuels — without the tax incentive to blenders — is enough to keep the industry growing. The effect would be to boost the cost of biodiesel to blenders who supply fuel to pumps.

"It will be very, very challenging as we have seen last year with the lapse of the tax credit," said Hegland, who is on the board of the Minnesota Soybean Growers Association. "I think it would cause a significant downturn in the market."

NOTICE

Stockmen's Livestock Market

E. Hwy. 50, Yankton, SD, is adding a new staff person

Joel Westra

Market Associate & Auctioneer as of September 1st, 2011

Joel is one of the most experienced and reputable market men in the whole Midwest. Gail and Jay Sohler said, "we don't just hire anyone. He knows the business."

Joel has been in the livestock business most of his life. He was the "face and voice" of the Sioux Falls Stockyards for years. He has reported the markets on KELO-TV and has had marketing reporting experience at WNAX Radio and other Ag Radio Stations over the years.

Along with Joel's employment at Stockmen's, he also is in ownership with Westra-Atkins Auction. They sell land and realty, if you have real estate to sell, he's a pro in that business also.

Joel Westra • 605-310-6941 (cell)
Livestock Market • 605-665-9641

Yankton Co. Farmers Union Meeting Today

IRENE — The quarterly District 1 Farmers Union Meeting will be held today (Saturday) at the Irene Community Center. The meeting runs from 10 a.m.-3 p.m.

The agenda includes: a presentation by Jack Brinkley, construction manager of Knology cable TV, telephone and Internet services company; and Rep. Tom Jones with an update on the Summer Study on Sales Tax Exemptions. Information on SDSU Extension budget cuts and federal post office closures will round out the program.

USDA: Remember Adjusted Gross Income

HURON — USDA Farm Service Agency (FSA) State Executive Director Craig Schaunaman reminds producers of the importance of Adjusted Gross Income compliance when participating in USDA programs. Participating individuals and legal entities that do not file a form authorizing the "Consent to Disclosure of Tax Information," will not be eligible to receive program benefits.

"The Internal Revenue Service (IRS) provided USDA with a report identifying which producers did not file the appropriate form authorizing the consent to disclose tax information for the 2009 and 2010 calendar years," said Schaunaman. "Program participants that did not complete the appropriate paperwork will receive written notification from USDA in September 2011," he said.

Individuals and legal entities will have 30 calendar days from the date of the letter to file a valid Consent to Disclosure of Tax Information for Adjusted Gross Income verification purposes. Failure to file the disclosure will result in a determination of program ineligibility and result in a full refund of 2009 and/or 2010 payments subject to AGI limitations.

Producers who are in receipt of this notification will be provided a copy of the form that shall be completed and forwarded directly to the IRS. Questions regarding this process should be directed to the applicable local FSA office.

Forum on National Dairy Policy Set For S.F.

BROOKINGS — Learn how Foundation for the Future dairy policy reform programs will benefit your dairy operation now and in the future during the Forum on National Dairy Policy and Immigration Reform Aug. 30 in Sioux Falls.

Foundation for the Future is the proposed national dairy policy reform which includes authorization of foreign workers, components of margin insurance and production controls.

The forum provides South Dakota dairy producers with the opportunity to learn more about the latest federal legislation to authorize foreign workers through presentations and question and answer sessions led by Jim Tillison, the vice president of marketing and economic research for the National Milk Producers Federation (NMPF) and Jaime Castaneda, vice president of strategic initiative and trade policy. South Dakota Secretary of Agriculture, Walt Bones will also speak.

The National Milk Producers Federation was invited to present their proposals to South Dakota dairy producers by the South Dakota Dairy Producers and the 29 Dairy Consortium. The forum will be held at the Best Western/Ramkota Hotel, in Sioux Falls, from 10 a.m. to 2 p.m. CST. Hotel address is 3200 W. Maple Street, Sioux Falls, SD 57107. For rooms, call (605) 610-2455.

The free forum is limited to 100 attendees. To pre-register for the forum contact Roger Scheibe (605) 692-1775 or sddairyproducers@gmail.com.

Youth Timed Event Championship At State Fair

HURON — The South Dakota State Fair announces the first South Dakota Timed Event Championship will be held on Sept. 3-4 during the South Dakota State Fair.

The two-day Timed Event Championship is sponsored in part by Iverson Chrysler, Producers Hybrid and Panhandle Slim.

Approximately 100 youth will vie for the prestigious title of South Dakota Timed Event Champion. The venue will attract families, friends, and devout rodeo fans from the region. Produced by Eastern Dakota Rodeos Inc., the championship will feature the best in rodeo competition. Jason Edleman and Steven Birkholtz, co-chairmen of Eastern Dakota Rodeos, LLC, developed this event to promote the sport and the unseen talent from all corners of the state.

These talented youth will vie for the coveted title as well as thousands of dollars' worth of prizes. The champion will take home the champion trophy Featherlite trailer as well as a scholarship. On top of that, seven event winners will take home top-of-the-line saddles. The SDTEC plans to award several slots in each event as well.

Contestants will choose 3 of 6 timed events to compete in. These events include: Calf Roping, Breakaway Roping, Steer Wrestling, Barrel Racing, Team Roping, and Goat Tying. Boys and girls will compete against each other to truly determine South Dakota's Timed Event Champion.

If you would like more information on the South Dakota Timed Event Championship, contact Jason Edleman (605)-350-2100, Steven Birkholtz (605)-625-3437 or visit the website www.sd timedeventchampionship.webs.com or the South Dakota State Fair website at www.sd-statefair.com.

Farmers Union Day At South Dakota State Fair Sept. 3

HURON — South Dakota Farmers Union (SDFU) is sponsoring Farmers Union Day at the South Dakota State Fair Saturday, Sept. 3. Farmers Union Day kicks off at 10 a.m. as the Farmers Union Foundation honors the 26 recipients of the "Insuring a Brighter Tomorrow" scholarships. Farmers Union Insurance and the Foundation partnered to provide \$1,000 scholarships to 26 outstanding high school seniors.

Beginning at 10:30 a.m. the Foundation will honor the recipi-

ents of the Rural Dakota Pride Awards. The awards are given to individuals who were nominated based upon their volunteer activities and activism in their local communities.

Farmers Union Day will feature the Farmer's Share Lunch in the tent near the Freedom Stage on the fairgrounds from 11 a.m. to noon. Following the lunch Farmers Union will host a Farm Bill Forum to discuss the upcoming legislation in Congress. Lynn Tjeerdsma from

Sen. John Thune's office and Josh Tonsager from Sen. Tim Johnson's office will participate in the forum along with National Farmers Union President Roger Johnson and South Dakota Farmers Union President Doug Sombke. Representatives from the USDA have also been invited. The forum begins at noon on the Freedom Stage.

Anyone wearing Farmers Union apparel will be eligible to sign up to win a free HP desktop computer and monitor, and junior members who show their junior membership cards will be eligible to sign up to win a free Flip Video Camera.

For more information on Farmers Union Day at the fair visit www.sdfu.org.

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Thank You

Doug and I want to thank the many, many people who have helped us before, during and after the longest flood in history. Words cannot express what we feel about our church, community, our campers and surrounding communities and the care and help you have given us.

Our community always rallies around people when trouble appears and for this we are ever grateful to live in a place like Yankton. During the flood there were people from Emergency Management, the Yankton Area Chamber of Commerce and Pauline Rhoades who organized food, support, sand baggers and cared enough to keep us informed. Thank you to all of you.

When we were in the parade on Riverboat Days, I heard many people talking about the flood and how it affected people. We will be back next year and hopefully our park will be better than before. God bless each and every one of you.

Linda and Doug Larson
Larson's Landing