

California Co Aims To Turn Trash To Ethanol Starting In 2010

NEW YORK (Dow Jones)--Turning municipal solid waste to ethanol might be a far cry from turning trash to treasure, but a California-based company said that its efforts will provide a valuable fuel source from refuse.

Fulcrum BioEnergy announced Thursday that it plans to build the country's first commercial-scale ethanol plant that uses municipal trash as a feedstock. The privately-held Pleasanton, Calif. company plans to locate its first plant near Reno, Nev., with the potential to expand into other cities afterwards. The first plant is due online in 2010, the company said.

The project is one of many attempts to increase U.S. biofuels supplies, but it will be far smaller than a corn-based ethanol plant.

Chief executive James Macias told Dow Jones that the project aimed to cut back on some of the environmental problems associated with producing ethanol from corn. Macias said the company would reduce transportation costs and environmental impact by using a feedstock that is widely available close to the population centers where ethanol is needed.

Additionally, he said, the process would reduce the amount of trash in landfills, limiting the amount of hazardous gases that trash normally releases.

The plant aims to produce approximately 10.5 million gallons of ethanol per year, making it about a tenth the size of a large corn-ethanol plant. Still, Macias said, the plant will help to meet U.S. biofuels needs.

The Renewable Fuels Standard, part of the Energy Independence and Security Act passed by Congress late last year, requires the U.S. to ramp up biofuels production to 36 billion gallons a year by 2022. Fulcrum's ethanol will count as an "advanced biofuel" under the law, which calls for the development of such fuels, made from non-food feedstocks, by 2016.

While municipal solid waste could be used to produce electricity or synthetic gas, Fulcrum suggested that ethanol provides much stronger economic opportunities than other energy sources. Ethanol producers have struggled in recent months, but most of their woes are tied to high corn prices, not to concerns with the health of the market for the fuel.

Fulcrum BioEnergy's investors include U.S. Renewables Group and Rustic Canyon Partners.

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