Ethanol draws interest
Farmers may profit more from new biofuels

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Louisiana's budding ethanol industry has had significant boosts in the past two weeks with the first steps of actual construction of a plant in Lacassine taking place last week, and an analysts' and investors' tour earlier this week of the first-of-its-kind demonstration-scale cellulosic ethanol facility in Jennings.

The movement was a critical sign that the investment the state is making in ethanol, especially as oil-based fuel is nearing $4 a gallon at the pump, will have an eventual payoff for local farmers, possibly consumers and the state as a whole.

State officials have said ethanol will be the saving grace for sugarcane and rice farmers here, both of which have struggled with weaker yields and declining prices in recent years.

Jennings will be a cellulosic plant, the first in the nation that'll turn bagasse, or cane scraps, into fuel. The ideal outlook has farmers profiting greatly from this, drawing other farmers into the sugarcane business, and lowering the number of rice farmers so those remaining can ask higher prices.

That plant, owned by publicly traded Verenium Corp., has begun its commissioning phase, and hosted the analyst and investor day where officials provided an overview of recent corporate developments and accomplishments in its core business areas, as well as its strategic direction and future growth opportunities, according to a news release.

They also held a dedication ceremony for the facility on Thursday.

"This is a major step forward and a transformational moment for Verenium and the next-generation ethanol industry as we seek commercially-viable alternatives to traditional fuel sources," said Carlos A. Riva, president and chief executive officer of Verenium, in a news release. "This is a first for the U.S. and as we take the next step toward commercialization. We are breaking new ground and setting new standards for our industry.

"We are also pleased to be showcasing our success and progress at our analyst and investor day in Jennings, and to be mapping out our corporate

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vision for a path to commercialization."

Start-up activities will continue as the facility transitions into a comprehensive commissioning phase allowing the company to evaluate its process for making ethanol at scale and validate cost and performance assumptions to prepare for the development of its first series of commercial plants. This phase puts Verenium on track for its goal of beginning construction in the middle of next year on a 30 million-gallon-per-year commercial plant, which will be the first of its kind.

"We must assure that this next-generation of ethanol is produced in a responsible manner to minimize the carbon footprint and deliver the energy this country so urgently needs," Riva said.

"With this plant moving into operations, we are on the brink of commercialization, on the brink of success."

Verenium's demonstration-scale plant in Jennings is rated to produce 1.4 million gallons per year of next-generation ethanol that uses specialty enzymes and the company's proprietary technology to convert non-food biomass.

The news of Verenium's dedication to the project did relatively little to the price of the company's shares which declined in recent months, particularly after the Massachusetts-based company reported a net loss for the first quarter of 2008, citing rising construction costs and higher spending plans for the rest of the year.

Shares closed Friday at $2.40.

In other major Ethanol news locally, a week earlier Louisiana Green Fuels announced the first shipment of component modules for the construction of its ethanol plant in Lacassine arrived at the Port of Lake Charles.

According to a news release from the company, the mass grading of the ethanol plant site is already under way, and over the next few months, the remaining machinery for the distillery will be arriving at the port. Additionally, all the required permits to start the construction have already been received, and the engineering for the erection of the plant is finished, so the entire construction phase for this project is expected to advance on schedule.

In 2006, Louisiana Green Fuels purchased Lake Charles Cane-Lacassine Mill from the State of Louisiana. While the idea of developing ethanol in Louisiana as a new resource for area farmers has been in motion for years, LGF's acquisition of the Lacassine facility has allowed the project to move forward at a quicker pace. On May 15, the State Bond Commission authorized the issuance of industrial development revenue bonds by the Louisiana Public Facilities Authority on behalf of LGF for a total of $133 million, $100 million of which will be tax-exempt as part of the Gulf Opportunity (GO) Zone Bonds initiative, developed to promote investment in the areas affected by hurricanes Katrina and Rita.

The Lacassine plant is being promoted as the first advanced biofuels plant in the Southern United States.

The facility will use sugar cane and sweet sorghum to produce ethanol.

According to the company's news release, this will be North America's first sucrose-based ethanol facility, "the technology of which increases both the energy efficiency ratio of manufacturing the ethanol, as well as the general economic impact on the farming and food industries.

"The success of the sucrose-based model has been shown in Brazil and other Latin American countries, and Louisiana is especially suited for this model with much of the sugarcane industry in need of a new use for its output."

Lacassine is only the beginning for Louisiana Green Fuels, which has plans to erect three more ethanol facilities during the next 10 years.

Other dormant cane mill processing facilities have been purchased in the St. James and New Iberia areas, and the equipment from these facilities will soon be put back into production. The Lacassine location will eventually have two plants at the site.

Each plant will have an output of about 25 million gallons of ethanol per year, the first of which will be online in 2009.