

'It's going to be a while before these fuels will be available at every station.'

— Bernie Weiss, Energy Alternative Solutions

CLEAR/ Second plant in Watsonville

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The government in 2000 announced financial incentives for companies to produce alternative fuels and last year instituted tax credits to consumers and businesses that use biodiesel and other biofuels, such as ethanol. Coupled with inflated oil prices, said Fred Mayes, an economist at the U.S. Department of Energy, such programs have created a tremendous boost for the biodiesel industry.

In May, Chevron announced plans to build one of the country's first large-scale biodiesel plants in Galveston, Texas, with the capacity to produce 100 million gallons per year — more than the amount produced in the entire nation in 2005. But rather than being scared off by competition, Weiss said, EAS believes the big oil player validates the market.

Next July, a new federal regulation will require diesel users to switch to a low-sulfur version of the fuel with lower emissions.

But low-sulfur diesel clogs engines — a problem that diesel containing 2 percent or more biodiesel doesn't have. "Farmers will need to start using the oil anyway," Weiss said. The EAS team fairly bubbles over in singing biodiesel's praises: It's not imported, and it doesn't pollute. With all the boons, what's the downside?

"We haven't found one yet," Gillis said with a chuckle.

Hoping for new crops

Still, in order for the industry to take off, Weiss said, word needs to spread. Many people are unaware that diesel engines require no modifications before they can run on the green version of the fuel, for example.

"It's going to be a while before these fuels will be available at every station," he said.

Most biodiesel plants in the United States use soybean oil, grown especially for the process.

But because soy is expensive and not grown in the Salinas area, EAS is taking a slightly different tack.

The Gonzales plant is set up to process new as well as recycled vegetable oil and tallow (rendered animal fat), which would be collected and delivered by local companies such as Salinas Tallow.

The EAS partners say they hope eventually to encourage farmers nearby to grow other oilseed crops such as sunflower, peanut and safflower.

Gillis stressed that EAS's manufacturing process is well-established.

"A lot of people think, 'It's new, so it must be experimental,'" Weiss said, "But it's not experimental."



RICHARD GREEN/BUSINESS 101

Jeff Colt Jr. walks Oct. 25 past one of the 2,000-gallon tanks at the plant under construction in Gonzales.

ENERGY ALTERNATIVE SOLUTIONS INC.

- **BUSINESS:** Biodiesel fuel manufacturer
- **ESTABLISHED:** February 2006
- **EMPLOYEES:** The start-up company plans to hire four or five full-time workers by year's end.
- **ORGANIZATION:** Privately owned
- **LOCATION:** Office, 294 Green Valley Road, Suite 302, Watsonville; plant, 425 Alta St., Building 6, Gonzales.
- **ONLINE:** www.bioeasi.com.

Although there's nothing complex about the process theoretically, he said, the challenge and the expense lies in establishing a consistent production process that meets market standards. To

ensure they get it right, the EAS partners contracted with Hawaiian company Pacific Biodiesel, which has been manufacturing biodiesel plants since 1996, to design and build the plant and train

them on its use.

The 10,000-square-foot Gonzales plant, which will hire four or five full-time employees, will be EAS's flagship enterprise. But, that's just the beginning, Gillis said.

The team is now arranging permits for a second plant in Watsonville, which they hope to open early next year. Over the next three years, they intend to build a total of nine plants in Northern California, which together would produce about 25 million gallons of biodiesel.

"We think every form of alternative energy ought to be used," Gillis said. "Biodiesel is not a panacea, but it is a start — and you have to start somewhere."