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Building Out for Bioheat

Northeast infrastructure developments facilitate a larger market

By [Erin Voegele](#) | September 08, 2011

The market for biodiesel-blended heating oil is growing swiftly as oilheat dealers look for ways to green their offerings and supply a product that offers comparable economic benefits to natural gas. The lack of proper storage and blending infrastructure in some Northeast markets, however, may make local oilheat dealers less willing and able to offer the product to customers. Fortunately, several companies in the region are taking initiative and investing in infrastructure that promises not only to serve today's demand, but provide valuable transportation, blending and storage services once biodiesel mandates in the region ramp up, creating additional demand for the product.

Paul Nazzaro, petroleum liaison for the National Biodiesel Board, notes there are several different ways that an organization can approach biodiesel blending. "Any petroleum terminal can take control of biodiesel and either blend it directly into a diesel fuel or heating oil tank and make up a blend onsite," Nazzaro says. "Or they can go to electronic injection and handling systems to bring it in, store it in a fuel vessel, and on-demand bring a specific blend—B2 to B99.9—to the rack. That's where we want to go as an industry. We want th

without a shadow of a doubt, will ensure the industry the most c

Nazzaro points out that electronic blending equipment is expensive infrastructure to a facility to handle biodiesel can cost anywhere a company or organization needs to have a strong business case for runs a parallel track with how much volume is going to go through

It is much easier to build a business case for making the investment incentives have already gone into effect. According to Nazzaro, there are electronic blending facilities nationwide for biodiesel today, which are terminal locations that are estimated to be located across the U.S. to blend biodiesel electronically are located in and around states where the force, such as Minnesota. “Every key pipeline terminal [in Minnesota] is configured in their terminal,” adds Nazzaro.

The Northeast oilheat market offers some distribution challenges. Specifically, a large percentage of heating oil dealers in the region. “In the Northeast, we obviously have infrastructure issues with gas dealers,” says John Huber, president of the National Oilheat Res

Huber points out that proper infrastructure isn't just important for its role in ensuring fuel quality. “We have to make sure we have a good flow coming in, and that it's blended uniformly,” Huber says. “That, together with improvements at the significant terminals on the East Coast. In this market we are talking about, having infrastructure improvements is important because they have the ability to do quality control on the fuel and have the correct type of equipment to keep the biodiesel at the right temperature into the heating oil.”

One area where biodiesel infrastructure development is taking place, organizations have identified the business opportunity the city's made investments to serve the growing Bioheat market. Infrastructure for inline blending. One company in particular has invested in rail-to-truck transloading to economically bring biodiesel to the region.

Rail-to-Truck Transloading

In May, Ultra Green Energy Services LLC celebrated the grand opening of a new facility located on a site owned by the Morristown and Erie Railway, in West Nyack, NY. The facility is for rail-to-truck transloading, red dye capabilities and is designed to handle and store biodiesel.

According to Michael Cooper, UGES's vice president and director of operations, "The fuel industry are directly related to transportation costs. The new facility has been specifically designed to enable affordable biodiesel handling. In part, to UGES now being in the position to manage its overhead costs, we have a fixed cost of doing business," Coopers says. "We have the facility we own, and the equipment that we own. We can store our railcars and manage those costs and we know those costs, and we can sell forward us. In the region, there would be a higher cost to transload, a higher cost to store."

UGES has added several pieces of equipment to the site that make it more efficient. "Ultra Green has built a self-contained heating and pumping application that can handle railcars at a time and then those get moved to the pumping area, and then to the railcar." The pump, which can itself be fueled with biodiesel, can handle up to 100 railcars at a time.

Cooper also notes the importance of a truck scale his company has installed. "It's a different characteristic than diesel fuel" regarding expansion and contraction. "In New York, all product is adjusted to 60 degrees for volume, and in other states, it's adjusted to 70 degrees."

than diesel fuel. So by using a scale, we can absolutely be sure h truck] because the weight of the product can be calculated by th

According to Cooper, the vast majority of the fuel that flows thro storage tanks at regional fuel terminals for blending. It is possibl notes, adding that UGES has two more biodiesel rail-to-truck trar more possible infrastructure development opportunities in the Ne

Inline Blending

Whether biodiesel enters the Northeast via rail, barge, pipeline c blended. In June, Sprague Energy announced the opening of a ne Sonoco Logistics Newark Terminal in New Jersey.

“This will be the largest biodiesel blending terminal in New Jers Levy, managing director of Sprague. The facility has the ability to for ultra-low sulfur No. 2 diesel and heating oil. In the future, th kerosene No. 1 diesel fuel. The location offers B2, B5, B10, and I storage and utilizes state-of-the-art rack injection. According to rack blending system saves time and money while ensuring a hon

Biodiesel blended at the location will be sourced from a variety c product using vegetable oil, recycled cooking oils or animal fats. and private fleets to initially make up a significant portion of the terminal. However, he also notes the location will likely be a big

“This particular facility is a key strategic point because it allows central and northern New Jersey,” Levy says. “We were already terminal. Now it gives us the opportunity not only to have the big trucking costs as well as our customers’ trucking costs so they do

blend that they might require. Newark and central New Jersey are wholesalers who will buy from Sprague. We deliver to end users. It just opens up a whole new world for them.” Like UGES, Sprague is investing in infrastructure. “We are looking at many other terminals,” Levy says.

The New York metro area and its surrounding regions are not, however, where biodiesel infrastructure is being developed. At least one company is making investment.

Bourne Energy was recently awarded a \$40,000 grant through the development of injection blending infrastructure for biodiesel blends B2 and B99.9 blends of fuel.

In an effort to utilize locally sourced products, the company’s preblend biodiesel manufactured in New Hampshire using recycled containers, as we can to support the local economy, and also for the carbon footprint, Bourne says.

Prior to the addition of the blending infrastructure, Bourne says it was a wholesaler. “We were having to buy it preblended at a B2 or B5, whatever the customer wants or whatever we want to put out the door,”

Matt Cota, executive director of the Vermont Fuel Dealers Association, says the Jobs Fund has been working with farmers who are growing oilseed crops for farm biodiesel production. “Vermont fuel dealers envision a time when the product on the farm locally,” Cota says. “Vermont is a rural state where the family run fuel dealers are also diversifying, and that at some point they will pick up their fuel on the farm and deliver it throughout their town, is

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