

Factory Turns Chicken Fat to Diesel

By Jeffrey Ball

Agricultural giant Tyson Foods Inc. and fuel developer Syntroleum Corp. will announce Monday that they have successfully opened a plant that makes diesel from chicken fat and leftover food grease.

But they say their new venture won't survive unless Congress gives them a hefty tax break, an argument that many other alternative energy projects are also making.

Tyson and Syntroleum say they've begun in recent weeks to make diesel and jet fuel from chicken fat, beef tallow and a range of greases and oils at a plant they've built in Geismar, La., south of Baton Rouge. The raw materials are leftovers from Tyson's meat-processing plants and other food-processing factories and restaurants.

The Louisiana refinery has the capacity to produce 75 million gallons of fat-based fuel annually—making it tiny by oil-industry standards but among the bigger alternative-fuel plants in the U.S.

Buyers include oil companies mandated by federal law to mix renewable fuel into their conventional diesel, the companies say, though they wouldn't identify the purchasers, citing confidentiality agreements. The U.S. Air Force confirmed that it has contracted to buy about 40,000 gallons for testing the fuel for potential use in planes.

The companies contend that the fuel won't be economically viable unless Congress restores a \$1-a-gallon federal tax credit that used to go to companies that mixed alternative fuels into petroleum-based diesel. That break expired at the end of last year, when the \$170 million Louisiana plant was under construction.

Had Syntroleum known Congress would let the break lapse, the company probably wouldn't have built the plant, said Jeff Bigger, a company senior vice president.

Jeff Webster, a Tyson group vice president, said that if the tax break isn't extended, "The whole green-fuels industry in the U.S. is going to go down."

The alternative-diesel credit is among several tax breaks that have lapsed or will soon do so. The Obama administration and Congress will be discussing in coming weeks whether to continue the breaks amid concerns over the federal deficit.

Similarly, a 45-cent-a-gallon tax break for companies that blend ethanol into gasoline is due to expire at the end of this year. Makers of the corn-based fuel are lobbying Congress to extend it.

Several U.S. biodiesel plants have shut down recently, some citing the expiration of the \$1-a-gallon tax credit for alternative diesel. Biodiesel—made from grease or oil mixed with chemicals in vats—was all the rage a few years ago, when the tax break existed.

Tyson and Syntroleum aren't making biodiesel. They use heat to change the molecular structure of fats and oils and then refine them into fuel. They say their brew behaves more like conventional diesel and jet fuel than biodiesel does—meaning it could be used in large quantities in existing pipelines, gas stations, cars, trucks and planes.

Their fuel is registered with the Environmental Protection Agency for use in cars and trucks. It hasn't been certified for use in planes.