

Some wood pellet customers getting nervous

November 3, 2008

By Bruce Edwards Herald Staff

Luis Algarin of Vermont Wood Energy Corp. says he's not going anywhere.

But that assurance hasn't stopped some customers from demanding delivery of all their wood pellets they paid for in advance.

Algarin, who sells pellet stoves and wood pellets, has announced tentative plans to locate a pellet stove plant here as well as a wood pellet mill. But his plans have had a few hiccups along the way, which he said has put some of his pellet customers in a panic.

Algarin said customers demanding pellets they bought for the winter in advance are on a staggered delivery system or what he called a "pellet bank," limiting the amount of pellets he can deliver in any given week.

He said some customers have simply changed their mind about taking staggered delivery over the winter or never understood how the pellet bank system operates.

"We instituted a system where customers didn't have to take all their pellets but warehouse them during the winter," Algarin said.

He said the system allows customers to pick up a ton of pellets at a time at his Pine Street business during the winter. He said he came up with the system after customers said they didn't like the idea of storing all the pellets on their property.

He said customers could pick up their total allotment of pellets during the spring or summer. Any pellets not picked up by then would be available under the pellet bank system.

Because he arranged to take delivery of 200 tons of pellets a week from the Pennsylvania mill, he said some customers who are demanding immediate delivery are causing "a virtual run on the pellet bank."

He said he's holding customers to the pellet bank arrangement and that's made some customers very angry.

"We can get some people their pellets right away out of the pellet bank but if there's like 300 of them at the same time doing that, where do they come from," he said.

Algarin said only a small number of customers have called to complain.

He also said he continues to have ready access to a supply of pellet stoves. He said some installations have been delayed because of a holdup in deliveries of connecting pipe from the Minnesota manufacturer.

The Vermont attorney general's office Consumer Protection Division received one complaint against Vermont Wood Energy. The complaint filed last month is related to a defective pellet stove. Algarin said he's working with the customer to resolve the problem.

Some pellet customers may be getting nervous because Algarin's plans to lease a building for a proposed pellet mill business in the Airport Business Park have hit a snag. Algarin signed a lease for the building, which at the time housed a wood pallet manufacturer.

According to Algarin, he had two agreements with building owner Kent Belden. One was to lease the building and the other was an option to buy the pallet-making equipment.

Belden, who owns a construction company, said previously that Algarin also had an agreement to buy the pallet business which Belden took over from the previous owner who had filed for bankruptcy. But Algarin disputes that, saying he only an option to buy the equipment.

In an interview last month Algarin said he wasn't about to buy the pallet business after several key employees left.

Belden also said at the time that the lease called for Algarin to move into the 14,000-square-foot building in September but that date was pushed back by Algarin until Oct. 1. When Algarin failed to move into the building last month, Belden said he closed the pallet business.

Algarin said he now wants to move into the building by Nov. 15, before his lease expires on the Grimm building on Pine Street. But the Airport Business Park building won't be available until Jan. 1 because Belden won't be able to remove the equipment before then, Algarin said.

A message left for Belden on Friday seeking further comment wasn't immediately returned.

Algarin is also looking at locations to move the Maxfire pellet stove manufacturing business from Minnesota. One possible spot is the former Vermont Tubbs furniture plant in Brandon. Algarin said he submitted a proposal to the owner to lease the building in stages.

However, he isn't the only party interested in the Vermont Tubbs building. Another company is also eyeing the site to produce biomass energy.

Algarin said he was surprised to learn that another company was pursuing a lease or purchase of the Tubbs building. "I'm ticked off right now," he said.

If he can't find a suitable local location, he said the pellet stove plant could remain in Minnesota or relocate to Pennsylvania, where there is also a pellet mill.

But Algarin also said his contract to purchase the North American manufacturing rights to the Maxfire brand hasn't been finalized. He said he's still waiting for Bixby Energy Systems, Maxfire's parent company, to supply him with complete financial information.

A week ago four tons of pellets were stolen from Vermont Wood Energy. That same weekend Algarin said his mailbox and some toys in the front yard of his Pittsford home were vandalized.

Algarin said he's received telephone threats and he attributed the two incidents to angry wood pellet customers.