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National Study Says Biodiesel Plant Feasible in Michigan

LANSING—Michigan Department of Agriculture director, Mitch Irwin, today announced the results of a study assessing the state's ability to house a biodiesel plant. The MDA-sponsored report concludes that with an investment of \$7-12 million, a stand-alone, five to ten million-gallon biodiesel plant could be built in one of several locations, including Bangor, Zeeland, Gratiot County and several other sites.

"Today's results are further confirmation that our efforts to make Michigan a hub for cleaner burning fuels, as well as a leader in alternative energy and bio-technology, are on target," said Irwin.

The Biodiesel Feasibility Study, prepared by REMCO LLC and DeSmet Ballestra, examined several criteria including market feasibility, financial feasibility, site feasibility, technical feasibility and management feasibility for Bangor, Zeeland, Gratiot County and several other sites. Other sites for a stand-alone 5-10 million gallon biodiesel production plant elsewhere in Michigan were considered due to their proximity to lower cost feedstock or end-product markets.

"We're looking forward to having some in-state production. Last year 3 million gallons of biodiesel were brought into Michigan from other states, so some in-state production is needed to help fulfill Michigan's growing demand for biodiesel and to help both the economy and Michigan's soybean farmers," said Gail R. Frahm, Michigan Soybean Promotion Committee Executive Director and one of the investors in the feasibility study. "With users such as schools, MDOT, the postal service, state and national parks, city fleets, farmers, and MANY others, biodiesel is here to stay and we hope to help continue to grow the demand."

Increased fuel efficiency of up to 30 percent for the diesel engine in the current high priced fuel environment is expected to lead to increased demand for diesel engine automobiles and potentially the cleaner-burning biodiesel as well. Diesel engines currently make up less than 1 percent of the automobile market in the U.S., however this is expected to change with the future introduction of high-mileage diesel engines into the U.S. market and the introduction of cleaner burning ultra-low sulfur diesel fuel in 2006.

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“The time is now for encouraging biodiesel production in the state of Michigan—like we’ve done for ethanol production—to create value-added jobs in the agricultural sector, which will create jobs and opportunities in Michigan,” said Gene DeRossett, state director of USDA Rural Development. “We, at USDA, look forward to partnering with rural Michigan in biodiesel production.”

The Biodiesel Feasibility Study was financed in part by a USDA Rural Business Enterprise Grant from USDA Rural Development, along with support from Capital Area Innovative Farmers, individual farmers, CAP Co-op, Michigan Soybean Promotion Committee, Corn Marketing Program of Michigan, Michigan Farm Bureau, Michigan/National Farmers Union, Gratiot County/MSU Extension, Greater Gratiot Development and MDA. The study comes on the heels of a report released in January by Michigan State University, which estimates the impact of Michigan’s agri-food sector on Michigan’s economy to be \$60.1 billion annually and predicts continued growth.

To view and download the Executive Summary for the Biodiesel Feasibility Study, visit: www.michigan.gov/mda, under Food & Agribusiness/Business Resources.

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