# U.S. Sugar Stories for Dec. 11

**Subject:** U.S. Sugar Stories for Dec. 11

**Compiled by:** South Florida Water Management District  
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Farmers Look to State
12/11/2008
Okeechobee News
Wills, Nina G.

Farmers look to the state
Sugar deal remains unfair to the average grower, farmers say

By Nina G. Wills
As the deadline for finalizing the contract between the South Florida Water Management District and U.S. Sugar quickly approaches, area farmers are asking the district to avoid the unintentional consequences of this deal which may hurt their businesses.

"The people we represent should not be the unintended consequence of a lofty environmental goal executed by a bad business deal," said George Wedgworth, president and CEO of Sugar Growers' Cooperative, in a letter to the district on Dec. 2 asking the governing board reconsider the deal.

Local farmers have stressed that they are not questioning U.S. Sugar's prerogative to sell 180,000 acres of its land to the district, but are challenging the land lease rates of $50 an acre which they believe are unreasonably low and will eliminate competition in the sugar cane industry.

"There is no justifiable urgency that requires you to rush this matter. There is nothing to be lost and much to be gained by including everyone in this discussion," Wedgworth wrote.

There has been no formal response by the SFWMD to the Sugar Cooperative's concerns according to Barbara Miedema, vice president of public affairs & communications.

"I think they (the district) got the message loud and clear," said Miedema, referring to the outpouring of public comments against the deal at the governing board's meeting Dec. 2.

Wedgworth and other farmers are supportive of restoring the Everglades and point to their active role in preserving the Everglades Agricultural Area – 800,000 acres of muck lands south of Lake Okeechobee.

"We understand that in order to continue farming in this ecologically sensitive region we must be stewards of the land and environment," Wedgworth said.

The Everglades Agricultural Area Protection Division was established in 1989 and is a taxing body that charges agricultural landowners an annual tax of $5 an acre to fund research in environmental issues. In recent years, the EPD has collaborated
with the SFWMD to improve the water quality by reducing phosphorous levels. Since its in-ception, the EPD has raised $27 million.

Ed Hamilton, chair of the EPD, said that the EPD has remained neutral concerning the SFWMD's deal with U.S. Sugar. “I'm in no way, shape, or form supporting either.”

Mr. Hamilton is also the chief operating officer of Duda Ranch-es in Belle Glade which grows almost 25,000 acres of sugar cane annually. Duda Ranches transports its cane to U.S. Sugar's mill in Clewiston to be processed. Due to a confl ict of interest, Duda Ranches has also remained neu-tral.

He did note that the pending deal has not interrupted Duda Ranches' business or transactions with U.S. Sugar.

Hamilton stressed that area farmers are not arguing U.S. Sugar's right to sale their land, but are simply concerned with the poten-tial consequences of the deal.

“If the transaction goes through, it will have an enor-mous impact on the communi-ties around the lake, and the ag-riculture business in the state of Florida,” Hamilton said.

While Mr. Hamilton admits that everyone is fearful of the un-certainty surrounding the deal, he offers a new perspective on the fast moving sale agreement.

"In this short window of ex-ecution, we won't be hanging in limbo. Maybe that's the big thing; everyone can go forward from there. We can both react to it and plan going forward.”

U.S. Sugar's board of directors approved the contract on Dec. 8 and is now awaiting the decision from the SFWMD which is ex-pected on Dec. 15.

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**U.S. SUGAR Lawmakers seek to postpone vote on sugar deal**

12/11/2008

Miami Herald

Morgan, Curtis
Miami-Dade lawmakers urged water managers Wednesday not to make a deal with U.S. Sugar -- at least until the Florida Legislature has time to scrutinize the details of the $1.34 billion land purchase for Everglades restoration.

Saying there were too many unresolved questions -- from whether the state was overpaying to how the deal would sock taxpayers -- lawmakers pressed the South Florida Water Management District's governing board to postpone a vote scheduled for Tuesday that could finalize the deal.

"I think it would be in everybody's best interest to punt," said Rep. Luis Garcia, D-Miami Beach, who is vice chair of the county's legislative delegation.

It was a request, but it came with warnings of political consequences if ignored. The Legislature has no legal authority over water board members, who are appointed by the governor, but it can control some district funding.

The delegation's chairman, Rep. Juan Zapata, R-West Kendall, said the "rushed" negotiations seemed intended to avoid input from lawmakers. Gov. Charlie Crist announced the deal in June.

Eric Buermann, a Miami attorney who chairs the governing board, said he would pass along the request, but stressed that the contract required a vote on Tuesday.

Buermann told lawmakers he had not made up his mind, but that he shared many of their concerns. Still, he said, the deal would help restore water flow for the Everglades and resolve many of the region's most expensive and long-standing environmental problems, such as polluted runoff that fouls coastal waters with algae blooms and red tide.

"This is causing billions of dollars of economic damage, tourism damage, environmental damage," he said. "The vision is to restore what Mother Nature conceived."

The eight of the 25 delegation members who attended Wednesday's meeting said they supported Everglades restoration but feared the deal's costs would exceed its benefits.

While water managers said the deal would not force a property tax hike, Rep. Steve Bovo, R-Hialeah, argued the estimated $4 billion cost of future reservoirs and pollution-treatment marshes would hit taxpayers and the strained state budget.

"The billions keep adding up, and soon we'll be talking trillions," he said.

Zapata said he was troubled by the timing of a deal that water managers acknowledged would delay the construction projects for years -- at a time when jobs were disappearing.

"We basically eliminate the projects to do land acquisition," he said.

Robert Coker, a U.S. Sugar vice president, said the company would view any vote delay as a final rejection.

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Florida lawmaker pans U.S. Sugar deal
12/10/2008
United Press International (UPI)

People who read this also read ...

TALLAHASSEE, Fla., Dec. 10 (UPI) -- A state legislator in Florida said the state's proposal to buy 181,000 acres from U.S. Sugar to support Everglades restoration was 'a corporate bailout.'

In a letter to the South Florida Water Management District, Miami-Dade County Rep. Juan Zapata said the $1.34 billion deal, touted as a huge environmental coup, 'appears to be nothing more than a corporate bailout.'

State lawmakers were 'extremely concerned' about the deal, Zapata wrote.

U.S. Sugar's board approved the deal, but the South Florida Water District has yet to vote on the proposal. The deadline for a Water District vote is next Tuesday.

U.S. sugar says list of bidders for its land growing
12/10/2008
Sun Sentinel - Online
Andy Reid

U.S. Sugar Corp. revealed Wednesday that it has 'a number of other potential purchasers' that could compete with the state to buy 180,000 acres of farmland targeted for Everglades restoration.

Who those buyers are and whether they could ultimately torpedo a proposed $1.34 billion deal with the state, the company would not say.

After five months of closed-door negotiations, the South Florida Water Management District faces a Tuesday deadline to approve a proposed $1.34 billion deal with U.S. Sugar.

Even if approved Tuesday, the contract for that deal allows U.S. Sugar to shop itself around to rival buyers for two months. The Lawrence Group, which manages farmland in the South and Midwest, has already made public its efforts to buy U.S. Sugar's land and assets. U.S. Sugar maintains that the group's offer lacks specifics and the company now says that other potential buyers have also expressed interest.
In addition to just fielding offers, U.S. Sugar plans to spend 60 days 'contacting, soliciting and entering discussions with alternative bidders' to try to 'seek a better offer,' according to a letter sent to company employees and shareholders on Wednesday.

If the district approves the land deal and U.S. Sugar then opts to go with a different buyer during that two-month window, the company would have to pay a $40.2 million 'break-up' fee. The district maintained Wednesday that U.S. Sugar's pursuit of other potential buyers was not a surprise. 'That's part of the agreement,' agency spokesman Gabe Margasak said.

The state plans to use U.S. Sugar's land to build a series of reservoirs and water treatment areas to reconnect flows from Lake Okeechobee to the Everglades.

The proposed deal with the state allows U.S. Sugar to keep its sugar mill and other assets it could use to stay in business. U.S. Sugar would lease back the land to keep farming for at least seven years and have the opportunity to pursue longer leases for land not used for restoration.

Florida Crystals, the state's other large sugar producer, has expressed interest in at least buying U.S. Sugar's Clewiston sugar mill and refinery.

The Lawrence Group, based in Nashville, Tenn. in November proposed buying all of U.S. Sugar's land and facilities and continuing the company's farming operations. The group also said it would sell the state a portion of the land for Everglades restoration.

Andy Reid can be reached at abreid@SunSentinel.com or 561-228-5504.

**Sugar 'deal or no deal'?**

12/10/2008

Stuart News
Opportunity.

It's the one word many environmentalists use when describing the state of Florida's proposed acquisition of 180,000 acres of land in Clewiston from U.S. Sugar.

They differ only in the adjectives they employ to accentuate the opportunity.

"It's the most amazing opportunity we'll ever have to restore the River of Grass," said Karl Wickstrom of the Rivers Coalition, a group of concerned citizens formed to stop discharges into the St. Lucie River and Indian River Lagoon.

"I just think there is an extraordinary opportunity here," said David Guest of Earthjustice, an environmental advocacy group, of the proposed land deal.

"This acquisition represents one of the most important opportunities to protect the Everglades ecosystem in recent years," said Michael Sole, secretary of the Florida Department of Environmental Protection.

Amazing.

Extraordinary.

Most important.

Most people readily agree that recreating the natural flow of water from Lake Okeechobee through the River of Grass to Florida Bay would have enormous, positive effects on South Florida's ecosystem.

However, several criticisms have been raised about the proposal, which calls for the state to pay U.S. Sugar $1.34 billion to acquire the property. Under the agreement, the sugar company would be allowed to lease the land for seven years -- at $50 per acre -- and would be required to pay the South Florida Water Management District (the buyer) $21.5 million to deal with contaminated farmland. U.S. Sugar also would place $10 million in an escrow account to cover the costs of unforeseen pollution problems.

The sugar company also has an offer from the Lawrence Group of Tennessee, but has signed a contract with the water district.

The district's governing board has until Tuesday to approve or reject the proposal.

Opponents have raised a number of important issues:

- Should the state allow U.S. Sugar to lease the property for $50 an acre when typical lease rates range from $125 to $325 an acre?

- Will the lease agreement create an unfair business advantage for U.S. Sugar, as other sugar growers contend?

- Will the deal destroy the economic viability of local communities dependent on the sugar industry?

"This could literally bring us to our knees," said Clewiston Mayor
Mali Chamness.

- Can the state afford a $1.34 billion investment at a time of rapidly declining tax revenues?
- Is this the best deal the Water Management District’s governing board can obtain from U.S. Sugar?

The potential benefits far outweigh the numerous negatives.

Wickstrom foresees a rebirth of both the Everglades and the Indian River Lagoon if the deal is consummated.

"Plant and animal life in the Everglades will be reinvigorated," he said. "Our (St. Lucie) estuary, which would experience a huge decrease in the volume of water pumped out of the lake, would be gorgeous again."

Additionally, 13 million pounds of phosphorus a year -- Wickstrom’s estimate -- used to fertilize U.S. Sugar land no longer would pollute South Florida’s ecosystem. And the opportunity to create "world-class birding, world-class nature trails and world-class kayaking in the Everglades" could offset the loss of jobs in the sugar industry and "provide many recreational jobs in the area."

There are a lot of issues at stake here.

The Water Management Board should listen to Wickstrom. Every reasonable effort should be made to get the best deal for the state, but in the end the future of the Everglades turns on this acquisition and others like it.

Wickstrom has long argued that it is the relatively uninterrupted flow of sufficient water south, water that is not contaminated, that will sustain the Everglades.

This is a chance to re-open the way for that flow.

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Florida Farm Bureau Opposes SFWMD Acquisition of U.S. Sugar Lands

12/10/2008
PR Newswire
GAINESVILLE, Fla., Dec. 10 /PRNewswire-USNewswire/ -- Florida Farm Bureau President John L. Hoblick today issued the following statement:

At its meeting on Oct. 10, the board of directors of the Florida Farm Bureau Federation (FFBF), the state's largest general interest agricultural organization, declared its opposition to the acquisition of U.S. Sugar Corp. lands by the South Florida Water Management District. The Federation firmly supports the rights of private property owners to acquire, use and sell property but opposes the unnecessary acquisition of more land by government.

The Federation is also concerned that the proposed purchase would drain funding and focus away from implementation of the Comprehensive Everglades Restoration Plan and other initiatives in which much time and funding have been invested. The purchase of U.S. Sugar's land would likely cause thousands of acres of productive agricultural land to be removed from local tax rolls, leaving local communities struggling to make up for the loss of ad valorem tax revenues and endangering their future. Further, the plan for the SFWMD to purchase U.S. Sugar's land, then to lease it back to the company over a seven-year period at a bargain rate would create unfair competitive advantages over other South Florida agricultural producers.

NOTE: The Florida Farm Bureau Federation is the state's largest general-interest agricultural organization with more than 135,000 member-families statewide. There are Farm Bureaus in 61 counties in Florida. Headquartered in Gainesville, the Federation is an independent, non-profit agricultural organization and is not associated with any arm of government. More information is available on the FFBF Web site, .

SOURCE Florida Farm Bureau Federation

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Farm bureau blasts U.S. Sugar deal; government group expresses concerns
12/10/2008
Palm Beach Post - Online
JENNIFER SORENTRUE and PAUL QUINLAN
A major Florida farming group came out today against the state's $1.34 billion land deal with U.S. Sugar Corp. - just days before South Florida water managers are set to vote on the purchase.

The Florida Farm Bureau Federation issued a news release denouncing 'the unnecessary acquisition of more land by government,' saying the deal would harm local economies along with the Everglades it is intended to save. That statement followed a meeting at which the group's board declared its opposition to the purchase.

Among other objections, the federation said the deal would drain money and attention from the state and federal governments' $10.9 billion Everglades restoration effort, which has been languishing since Congress approved it eight years ago.

In contrast, Gov. Charlie Crist and other supporters have championed the 180,000-acre deal as a boon to the restoration, saying it will give the state wide swaths of land for restoring clean, flowing water to the Everglades.

The federation also argued that the purchase would take farmland off tax rolls and endanger the economic future of local communities. And it echoed criticism from other Glades-area growers who say the South Florida Water Management District's proposed contract is so tilted in U.S. Sugar's favor that it would give the company an unfair advantage in the marketplace.

Separately, representatives from the Florida Association of Counties told The Palm Beach Post's editorial board that the state should supervise any large land acquisitions by Florida's five water management districts. They called for an analysis of such deals' effects on surrounding communities and local governments' finances. And while the association hasn't taken a specific stance on whether the U.S. Sugar deal should go through, a spokeswoman said the state hasn't made good on its promises to soften the economic blow to the Glades.

The state Office of Tourism, Trade and Economic Development was tapped to work with agricultural communities as part of the $1.34 billion deal. But 'they are not following through with the commitment they made,' said Cragin Mosteller, the county association's spokeswoman. The counties' group's representatives at the editorial meeting included Palm Beach County Commission Chairman Jeff Koons.

Later in the day, leaders from U.S. Sugar's home city of Clewiston told the newspaper that the newest version of the deal would inevitably lead to the closing of the company's sugar mill and refinery.

Crist has billed the land-only deal as a job-saver, saying it would keep the 1,700-employee company running and leave the mill and refinery in private hands. But 'the likelihood of that is virtually nonexistent,' said Chris Shupe, president of Olde Cypress Community Bank in Clewiston. 'The mill without the land is like having a car with no gasoline.' The district says it will convert some portion of the 180,000 acres of cane and citrus fields to reservoirs and marshes. But even if only a fraction of that acreage were used for Everglades restoration, the mill would find itself running under capacity, said Miller Couse, president of First Bank
of Clewiston. 'If you lose 40,000 acres of cane land, you don't have enough to keep that mill running,' said Couse. The result? 'We become a veritable ghost town when the mill and refinery are shut down,' said Shupe.

An outlandish inland port
12/10/2008
Palm Beach Post - Online

During the debate over where to build The Scripps Research Institute, landowner Charles Vavrus never understood the opposition to building homes, shops and offices on his environmentally sensitive 4,700-acre Palm Beach Gardens ranch.

In pitching the ranch this week as the site for an inland port - an industrial warehouse hub along a freight rail line - Mr. Vavrus served notice that he still has no clue.

The problem with the ranch is that it contains high-quality wetlands in an area bordered by publicly owned wetlands. That's why environmentalists shuddered whenever developers talked about making Vavrus a part of the intense development envisioned to be part of Scripps. That's why they are shuddering now that Mr. Vavrus has proposed his land for the even more intense industrial uses of an inland port. Mr. Vavrus' spokesman, Gary Vonk, portrayed his site as the environmentally friendly alternative to building the inland port near South Bay, where environmentalists oppose a site owned by the Fanjul-family owned Florida Crystals because it could be in the path of Everglades restoration. 'Who wants to get into a struggle with the environmentalists?' Mr. Vonk asked, showing his boss' continuing naiveté. Saying Vavrus Ranch is the environmentally friendly alternative to the Crystals site is like saying Chrysler is the financially sound alternative to GM.

If Mr. Vavrus found a way to obtain permits to destroy wetlands, an industrial hub still would be out of character for the area and likely to cause consternation from politically powerful neighbors, including residents of PGA National and Mirasol.

The Vavrus site suffers from another serious flaw: It won't create jobs in the Glades communities to fill the void left by the buyout and shutdown of U.S. Sugar's operations. The Crystals site is perfectly situated for building an industrial job base in the Glades. While both sites are near rail lines, the Vavrus site would draw truck traffic to already crowded coastal roads. The Crystals site has the advantage of drawing traffic away from the coast.

Mr. Vavrus likely will make an offer to port officials, who plan to solicit sites early next year. The move would not help the port avoid environmental obstacles. Instead, it simply reflects Mr. Vavrus' growing desperation to unload his land.

We'd like your thoughts on this story. I appreciate your willingness to share them. At PalmBeachPost.com, we want to avoid comments that are obscene, hateful, racist or otherwise
Amid Everglades deal, U.S. Sugar identifies other buyers
12/10/2008
Palm Beach Post - Online
Salisbury, Susan

CLEWISTON U.S. Sugar Corp.'s financial advisor has identified a number of other potential purchasers, and the company plans to begin a 60-day process of discussions with alternative bidders in mid-December, U.S. Sugar president and CEO Robert Buker said in a letter to employees and stockholders released today.

Under Delaware law, U.S. Sugar, which is incorporated in that state, must entertain other bids before it can sell 180,000 acres of its land to the South Florida Water Management District.

Buker said the process will begin as soon as the South Florida Water Management District signs a pending $1.34 billion purchase agreement, which is expected to occur no later than Dec. 16.

The district plans to use the land to restore the Everglades.

So far, the only other publicly identified prospective buyer is The Lawrence Group, a Nashville-based firm and one of the nation's largest farming enterprises.

U.S. Sugar spokeswoman Judy Sanchez declined to identify any other potential purchasers who have contacted BMO Capital Markets, the company's financial advisor.

Tuesday, the Lawrence Group issued a statement expressing 'surprise and extreme disappointment' at Monday's announcement that U.S. Sugar's 10-member board had approved the contract. The Lawrences assert that on Nov. 29 and again on Dec. 4, they made a formal offer to acquire U.S. Sugar for $300 a share in cash.

In his letter, Buker said the Lawrences had submitted a 'non-binding expression of interest' in exploring a potential purchase of all the outstanding common stock, and insisted it is not a formal offer.

U.S. Sugar has returned the $27 million check the Lawrence Group sent with its 'non-binding expression of interest,' Buker said. Buker seeks to reassure shareholders that, despite a 'vigorous media campaign that unfortunately mischaracterizes the terms and conditions of our agreement with the District and suggests that your Company somehow will declined carefully review and negotiate potentially superior transactions - nothing is further from the truth.'
Lawmakers question state's proposal to buy land
12/10/2008
Associated Press (AP)

MIAMI_Lawmakers from Miami-Dade County are raising their concerns over the state's proposal to buy land from the nation's largest producer of cane sugar for Everglades restoration.

Under the contract approved this week, Florida would buy 180,000 acres from U.S. Sugar for $1.34 billion. But Rep. Juan Zapata says lawmakers were "extremely concerned" about making the deal when the state was in the midst of an economic crisis and cutting services to citizens.

A briefing will be held Wednesday to discuss any objections.

The South Florida Water Management District is scheduled to vote on the contract Tuesday.

Officials want the land to clean water and restore natural flow to the Everglades, long polluted by farming and development.


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Feedstock Flexible Ethanol
12/10/2008
AlwaysOn Magazine
One of the keys to achieving the next step in commercializing renewable transportation fuels is to have a refining technology that can utilize a variety of biomass feedstocks. In the case of cellulosic ethanol, there are a lot of competing technologies out there, but not very many that can operate using virtually any cellulosic feedstock. Coskata is an Illinois startup whose technology appears to have this flexibility. Coskata recently closed a $40 million private equity financing as reported earlier this month by Private Equity Hub in their report Blackstone Backs Cellulosic Ethanol Startup Coskata.

According to Coskata's Chief Marketing Officer, Wes Bolsen, what this round does is get us through construction of our commercial demonstration plant as well as the initial engineering on our first commercial facility. Coskata's commercial demonstration plant is designed to produce 40,000 gallons per year of ethanol using a variety of cellulosic feedstocks. The plant is built at what Bolsen terms minimum scale engineering, meaning that while the output of the plant is not at a commercial volume, the size of the plant is large enough so the basic modules do not have to be fundamentally reengineered in order to follow up with construction of a full scale plant. Bolsen stated their demonstration plant, which is being built near Pittsburgh, Pennsylvania, is on schedule to be producing in early 2009.

Coskata also intends to use the proceeds of their recent financing to begin the initial engineering of their first commercial facility. For this Coskata intends to build a plant with an initial capacity of 50 million gallons per year. The cellulosic ethanol plants at full scale - 100 million gallons per year - in general have been estimated to cost $400 million each. Coskata expects this plant, which can be expanded to refine 100 million gallons per year, to cost somewhat more than half that amount for the first 50 million in capacity, about $250-300 million. Bolsen stated Coskata has a partner involved in this project and expects an announcement early next year.

Meanwhile, Coskata has also signed an agreement to build a 100 million gallon cellulosic ethanol facility in Clewiston, Florida, in partnership with U.S. Sugar Corporation. With 181,000 acres of sugar cane under cultivation, U.S. Sugar is the largest sugar producer in the United States. As they begin to take this land out of production, U.S. Sugar intends to produce sugar as before, while using the cane residue (bagasse) after processing for sugar to refine into ethanol.

Coskata's recent successful financing is particularly impressive given how much more difficult major project financing has become. In early 2007, with much fanfare, the U.S. Dept. of Energy announced funding to bring cellulosic ethanol to market, as noted in their February 28th, 2007 press release entitled DOE Selects Six Cellulosic Ethanol Plants for Up to $385 Million in Federal Funding. In this announcement, six companies were named: Abengoa Bioenergy, ALICO, Inc., BlueFire Ethanol, Iogen Biorefinery Partners, Broin Companies (now named POET), and Range Fuels.

According to a spokesperson at the DOE, ALICO Inc. and Iogen Biorefinery Partners have withdrawn. It appears that two of the others, Abengoa Biorefinery and Bluefire Ethanol are still seeking...
matching funds from private financing sources. Only RangeFuels and POET have actually broken ground on cellulosic ethanol refineries. But the plant RangeFuels is building in Soperton, Georgia, which they claim is still on track to begin producing in 2009, processing wood chips, is initially designed to produce 10 million gallons per year, not the 50-100 million gallon per year size of truly commercial scale facilities. POETs plant in Iowa, which will refine ethanol from corn cobs, will be part of a corn ethanol refinery producing 100 million gallons per year, but 90 million of those gallons will be refined from corn using conventional ethanol distillation processes, only 10 million of the annual ethanol will come through cellulosic conversion of corn cobs. So it appears that most of the DOEs initially anointed cellulosic frontrunner companies are either stalled or downscaled in their plans. This, combined with the unprecedented difficulties today in obtaining project financing, means the future of cellulosic ethanol is definitely at a crossroads.

When the U.S. Renewable Fuel Standard was enacted as part of the Energy & Security Act of 2007, the goal was to increase production of renewable transportation fuels from 8 billion gallons per year to 36 billion gallons per year. The estimated production of renewable fuel in 2008 is not quite 10 billion gallons, and virtually all of it is from corn ethanol using conventional distilling methods. Nearly all of the remaining 26 billion gallons, well over 20 billion gallons per year, is expected to come from cellulosic ethanol refining. As we calculate in our feature report Cellulosic Ethanol, there is easily enough feedstock to meet this goal - in fact, even without dedicated energy crops, there is enough cellulosic feedstock in the U.S. from waste streams, forest trimmings and crop residue to supply material for up to 100 billion gallons of ethanol per year. Coskatas technology, which can process any of these primary feedstocks without fundamental modifications to their plant design, probably helps explain why they are raising significant private investment capital when most other companies are not.

When assessing the potential of cellulosic ethanol, the prevailing question is which of the emerging refining technologies can operate at a commercial scale. Ten billion gallons per year of cellulosic ethanol will require 100 refineries producing 100 million gallons per year - at a capital expense for these refineries of $400 million each that is $40 billion dollars. If these refineries were to multiply to a scale where - along with electric hybridization of vehicles and fuel economy improvements - they would replace 100% of petroleum consumption for light vehicles in the United States, that would require 1,000 refineries producing 100 billion gallons per year, at a cost of $400 billion dollars. Such a sum of money seems both daunting yet feasible - didn't we just throw $700 billion at the mortgage meltdown? Don't we spend (at $50 per barrel) over $200 billion per year on imported oil?

One thing is certain - if the United States is to accomplish the goals of the 2007 renewable portfolio fuel standard, and beyond, refineries will need to start construction now. The fact that Coskata is securing project financing from private sources in these tumultuous economic times is testament to the strength of their technology. Their progress should encourage anyone who is waiting to see the next big moves in an emerging industry that represents one of only a few major steps America needs to take to become an energy independent nation.
Ed Ring is the Editor of EcoWorld, reporting on clean technology and the status of species and ecosystems.