

## { U.S. BIODIESEL } production capacity

There are presently more than twelve companies that have invested millions of private dollars into the development of biodiesel manufacturing plants and are actively marketing biodiesel. The question of available biodiesel production capacity must be answered in two parts. First, there is dedicated production capacity. This is the production capacity from dedicated biodiesel plants operating in the US. Current dedicated production capacity is estimated to be between 60 and 80 million gallons per year. This capacity is mostly modular, and can be doubled or tripled in a short time frame (less than 12 months). Moreover, a number of firms, mostly in the Midwest, have reported their plans to construct dedicated biodiesel plants to become operational during calendar year 2002. These intentions are dependent upon regional demand prospects.

In addition to dedicated production capacity, there is available production capacity for fuel grade methyl esters within the oleochemical industry. Mono-alkyl esters (the chemical name for biodiesel) are produced from a simple chemical process called transesterification, which separates out the glycerin in the natural fat or oil. Esters are a commonly used industrial chemical utilized widely in solvent, surfactant, and adjuvant applications. Currently, excess capacity exists within the oleochemical industry. Although few estimates are available to document this surplus capacity, it has been reported that up to 200 million gallons of production capacity are available through long-term production agreements with existing biodiesel marketing firms. These resources could also be utilized to supply new market developments for biodiesel.

