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Cedar Rapids ethanol plant could be one of three ADM taps to make sustainable aviation fuel

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An Archer Daniels Midland ethanol plant in Cedar Rapids could be one of three ADM will use to produce millions of gallons of sustainable aviation fuel, the Chicago-based company said Monday.

ADM said it had signed a memorandum of understanding with Gevo Inc., a Denver-area company, to produce low-carbon jet fuel and other products at ethanol plants in Cedar Rapids, Columbus, Nebraska, and Decatur, Illinois.

ADM said that under the agreement, the plants would process about 900 million gallons of ethanol to make 500 million gallons of sustainable aviation fuel and other products.

Last month, U.S. Agriculture Secretary Tom Vilsack said the Biden administration wants to power the nation's jets and other airplanes with fuel made from crops like corn and biomass such as wood waste. ADM said demand for sustainable aviation fuel is expected to increase as major U.S. airlines, airports, shippers and the U.S. government work together to advance its use.

It added that the U.S. and the European Union have set goals that together would support almost 4 billion gallons of annual sustainable aviation fuel production in 2030, and more than 45 billion by 2050.

Often called "drop-in fuels," the biofuels are processed so they are chemically identical to petroleum-based fuels and meet the same standards, according to the U.S. Department of Energy. But along the way, Gevo and ADM will take steps to reduce carbon emitted in the production process and to offset carbon that is produced.

The 900 million gallons of ethanol that could be used to make low-carbon jet fuel is about half of ADM's total annual production capacity, CEO Juan Luciano said in a statement.

He said the agreement provides "high-growth opportunities" for ADM.

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ADM and Gevo said they intend to enter into definitive agreements that enable production of sustainable aviation fuel by 2025-26.

ADM said it would produce isobutanol, which can be used as a fuel additive, at a proposed new facility in Decatur that could capture carbon dioxide from the operation and sequester it underground.

Gevo CEO Patrick Gruber said in a statement that the company's "potential customer contract pipeline has grown to over 1 billion gallons."

"The technology to convert low-carbon ethanol and isobutanol into SAF (sustainable aviation fuel) by Gevo is well developed and ready for world-scale commercialization," Gruber said.

Gevo, based in Englewood, Colorado, said it helps reduce its carbon footprint by using wind energy and biogas from dairies to replace electricity generated from coal and other fossil fuels.

In April, Gevo said it secured a \$68 million bond to build a renewable natural gas operation in northwest Iowa, installing manure digesters at three area dairies that milk about 20,000 cows combined.

Gevo said it would partially condition the raw biogas at the farms, then transport it through company-built pipelines to Doon in northwest Iowa, where it would be further processed so it's "pipeline quality" and can connect with the Northern Natural Gas pipeline that extends across the region.

Gevo said the project is expected to generate \$9 million to \$16 million annually.

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The company said in August that BP Canada and BP Products North America would market the renewable natural gas, primarily in California, which has a low-carbon fuel requirement.

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