



New owner to convert Little Falls ethanol plant for renewable chemicals

Article by: Evan Ramstad
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A British biotech company on Tuesday finalized the purchase of a central Minnesota ethanol plant that it will modify to produce chemicals, rather than fuel, from corn.

The deal marks the second time that one of Minnesota's approximately 20 ethanol plants will be changed to produce higher-value alcohols.

Green Biologics Ltd. is buying Central MN Ethanol Co-op in Little Falls from its member owners. Terms weren't disclosed, but Green Biologics executives said the company will spend \$60 million to \$70 million on the deal and refurbishment of the plant, which now produces about 21 million gallons of ethanol annually.

The plant, which will be renamed Central MN Renewables, will continue making ethanol next year as construction crews add new equipment. Its staffing level will remain unchanged.

When the construction is done in early 2016, instead of mixing corn with yeast to produce ethanol, Green Biologics will mix corn with other bacteria to produce normal butanol, also called n-butanol, and acetone. They are ingredients in paints, adhesives, cosmetics and other products.

"One of the reasons why Central MN Ethanol Co-op was very attractive is we can do all of the repurposing while we're producing ethanol," said Joel Stone, chief executive of the Ohio-based U.S. unit of Green Biologics.

With the changeover is complete, Central MN Renewables will be one of the first producers of renewable chemicals in the state. Such chemicals are produced from agriculture and forestry materials rather than oil and its byproducts.

To encourage the industry's development, Minnesota lawmakers next year will consider a bill to create production incentives similar to those that were in place at the start of the ethanol industry.

Green Biologics earlier this year received a \$500,000 grant from the state agriculture department for its work to develop new uses for Minnesota corn.

"Minnesota has got a unique opportunity to be the epicenter of renewable chemicals," Stone said.

For the farmers and other investors who started the Little Falls plant in the late 1990s, the sale is an exit from one of the more successful ethanol operations in the state. It closed just once, when high corn prices in 2012 briefly made ethanol production unprofitable.



Central MN Ethanol Co-op is located on Hwy. 371 in Little Falls Minnesota on Hwy. 30 miles north of St. Cloud. The co-op purchases approximately 7.5 million bushels of corn per year from a 100 mile radius and produces approximately 20.8 million gallons of ethanol per year.

Feed Loader,



Central MN Ethanol Co-op, on Hwy. 371 in Little Falls, was built in 1999.

Feed Loader,

The plant's competitiveness was threatened by the emergence of larger-capacity competitors and its farmer-owners several years ago began looking at alternatives for it, said Dana Persson, its chief executive.

"Our perfect-world scenario was for somebody to come in and make a different product and continue to buy corn from local farmers and retain the employees," Persson said. With Green Biologics, he added, "It was a perfect fit."

When the deal was presented to the co-op's owners, several asked Green Biologics whether they could invest in the ongoing operation. Stone said the deal was ultimately structured to allow the co-op owners to roll a portion of their investment into the renewables company, which will be majority owned by Green Biologics.

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