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## Wisconsin Ag News Headlines

### Jefferson Ethanol Plant Files for Chapter 11 Bankruptcy Wisconsin Ag Connection - 01/30/2009



One of Wisconsin's nine operating ethanol plants are taking the legal steps of filing for bankruptcy protection. This week, the Renew Energy LLC board of directors voted to file for Chapter 11 under the United States Bankruptcy Code, which will allow them to continue operating their Jefferson facilities under certain rules. In an exclusive interview with *Wisconsin Ag Connection* on Thursday, Board Chairman Paul Olsen said the company plans to continue producing ethanol fuel and run its state-of-the-art corn dry-milling operation.

"Basically this comes down to lower revenues coming in and our bank's unwillingness to renew our operating loan," said Olsen, who is also a co-owner of Olsen's Mill, Inc.--the company which handles all corn purchasing contracts for the ethanol plant. "As of now, we're telling our farmer-customers that Olsen's are still taking orders for corn and that the plant will continue to purchase corn for ethanol production."

Renew's ethanol plant was built on the site of what was once the largest malting plant in the world, which the company purchased from Cargill in 2006. Production began the following year.

Olsen also unveiled that sources have told him that at least three other ethanol plants in the state will likely close down before March 1. He did not elaborate on what factories they were.

The news comes at a time when other ethanol plants around the country are struggling to survive. Yesterday, Plainview Ethanol in Texas announced they will be temporarily closing until 'supply and demand' makes it possible for them to re-open. The South Dakota-based VeraSun Energy Corp., the nation's second largest ethanol producer, announced earlier this month that it is putting seven of its biorefineries up for auction as part of a bankruptcy court financing agreement. Husker Ag Ethanol in Nebraska closed for a short time recently, but just fired back up this week after sorting out financial trouble. And scores of other proposed facilities have been put



on hold until further notice.

U.S. ethanol distillers have been losing money, or only making pennies per gallon for months. Experts blame a weak demand for fuel and volatile corn prices. Olsen points out that groups who are opposed to ethanol seem to be doing an effective job at promoting their cause.

"It seems like when some people hear the word 'ethanol,' they think it's like voodoo," Olsen said. "For now, we're just going to have to wait to see if the market picks up. Our hands are tied until that happens."

Meanwhile, the U.S. Department of Agriculture may take steps to help the struggling ethanol industry identify the most efficient ways to produce the alternative fuel. On Monday, Agriculture Secretary Tom Vilsack said he would like the government to research, develop and promote best practices to improve efficiency at corn-based ethanol plants, which have been hit hard by volatile corn prices, followed by a sharp drop in demand for the biofuel, which is more expensive than gasoline.

Just one year ago, the Wisconsin Bio Industry Alliance announced that of the record \$1.5 billion of agriculture exports from Wisconsin in 2007, dried distillers grain--a co-product of the ethanol production process--has seen a 93 percent increase through the first nine months of that year.

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