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## A Step Toward Car Fuel From Wood Waste

By [MATTHEW L. WALD](#)

Mascoma The Mascoma Corporation, which demonstrates cellulosic ethanol production at this site in Rome, N.Y., plans to break ground on a commercial biorefinery in Michigan.

Almost everybody likes the idea of [cellulosic ethanol](#), or ethanol made from the non-food portion of crops and from waste like wood scraps or paper. But so far nobody is producing bulk amounts.

A federal law requires companies that produce gasoline to blend in [250 million gallons of cellulosic ethanol](#) this year, but the Environmental Protection Agency reduced that quota to a more realistic six million gallons.

On Thursday, however, one of the many companies working toward commercial production, the [Mascoma Corporation](#) of Lebanon, N.H., said it had reached an agreement with [Valero](#), the nation's largest independent oil refiner, under which Valero would take the entire output of a commercial plant that Mascoma is to break ground on this year in Kinross, Mich. It is the first such "offtake" agreement in the industry, Mascoma said. The plant is supposed to be running by 2013.

Valero will invest up to \$50 million in the Kinross plant, said William J. Brady, Mascoma's chief executive. The entire plant would cost \$350 million, and not all of that is in hand yet, Mr. Brady said, but "getting the Valero investment has made the rest a lot easier."

Other investors in Mascoma include [General Motors](#). Mascoma is seeking loan guarantees from the Energy Department.

The company, which plans to use wood waste, could turn out to have the first commercial-scale plant. Mr. Brady said that three other companies could also produce ethanol from cellulose in the near future: [BlueFire Ethanol](#), which uses grasses; [POET](#), which is turning to cobs and other non-food portions of the corn plant; and [Abengoa](#), which is turning to parts of the corn plant beyond the kernel.

[Range Fuels](#) has built a commercial-scale plant near Soperton, Ga., and produced some ethanol there from wood waste, but not in commercial quantities.

Valero said the amount it would pay for ethanol from the new plant would be based on the market price of the fuel, within some upper and lower limits. "We don't have the final details of that nailed down," Mr. Brady said.

And of course, delays are possible. In 2006, when Mascoma announced it had raised \$30 million from prominent investors like Khosla Ventures and Kleiner Perkins Caufield & Byers

**for a commercial plant, it said it would be running by 2008.**