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Mascoma confirms strategy shift, outlines plans for technology

By Holly Jessen | July 14, 2014

Mascoma Corp. went through a process of “turning the ship in the middle of the ocean,” refocusing the company’s goals on perfecting and deploying its consolidated bioprocessing technology (CBP) to existing and second generation ethanol producers, according to Bill Brady, president and CEO of the company.

Ethanol Producer Magazine talked to Brady following a U.S. Court of Appeals ruling that a U.S. DOE environmental assessment of Mascoma’s Frontier Renewable Resources LLC project proposed for Kinross, Mich., was thorough and “reasonably described the environmental impacts the assessment identifies as not significant,” [court documents said](#). “The National Environmental Policy Act requires no more.”



Skids of Mascoma’s TransFerm product are prepared at the company’s 56,000 square foot facility in Rome, N.Y. Mascoma Corp.

Larry Klein and the Sierra Club sued Frontier and the DOE after the DOE issued a finding of “no significant impact” and granted a Frontier funding application which pledged about \$100 million, or about 34 percent of the total cost of constructing the hardwood to cellulosic ethanol facility. The appeal happened after a district court ruled in favor of the DOE and Frontier, saying the plaintiffs lacked standing and that the claims failed on the merits regardless.

Mascoma’s new direction makes the court ruling pretty much a moot point. Almost a year after [Valero Corp. backed out the project](#), Brady confirmed Mascoma isn’t likely to build that facility. Still, it’s good news for all future biofuels development projects, Brady said. “That court ruling was as much about the integrity of the DOE assessment process as anything else. It showed that that was all very solid.”

Mascoma faced challenges in the form of current federal policy and the inability to get strategic investors to fully commit. “That was a pretty tall mountain to climb to be honest, to do a greenfield out of the box,” he said, adding that applies to the Kinross facility as well as a second plant proposed for Alberta, Canada. “Kinross, itself, is unlikely to happen,” he said. “I would not call it 100 percent dead, but it’s unlikely to happen. Alberta is in development but pieces come together primarily on the financing side.”

As Mascoma worked to get on the right track, it went through a process of being honest about what the company does well and identified CBP, which provides a powerful technology that the industry will need long term, Brady said. It significantly reduces the amount of enzymes required for production, which lowers cost and simplifies the process. “The question was, with this technology pretty well developed, how do we deploy it and get it to make an impact,” he said.

The company shifted focus to perfecting and immediately deploying the technology in the fastest and least capital intensive way possible. The obvious strategy was to first work within existing biofuel facilities. In June 2013, Lallemand Biofuels & Distilled Spirits and Mascoma introduced [TransFerm Yield+](#), a drop-in bioengineered organism for corn-ethanol facilities that improves ethanol yield by about 2 percent. “For us, it was great because we could start to get some revenue,” Brady said, adding that since then the product has been used to produce more than 2 billion gallons of ethanol and that 20 percent of the corn-ethanol industry is using it.

Moving forward, Mascoma is working on additional opportunities. The company has a similar product in development it’s hoping to launch in Brazil, for sugarcane ethanol production. And, it’s also supplying its organism to more than one of the current cellulosic ethanol production companies. Mascoma is also working on a bolt-on concept, which would allow existing production facilities, including corn ethanol plants, Brazilian producers or wood assets, such as in the pulp and paper industry, to take side streams and convert them to additional ethanol, he said. It involves lower risk and capital needs. “We don’t have anything to announce, but we’ve got a few that are pretty active,” he said.

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