Company plans ethanol factory

It would also raise fish at former Jefferson County malting plant

By TOM DAYKIN
tdaykin@journalsentinel.com

Posted: Oct. 14, 2005

An investors group said Friday that it plans to buy a Jefferson County malting plant that is closing and will convert it into an ethanol production plant and fish farm.

Jefferson Grain Processors LLC said it has signed a letter of intent to purchase the Cargill Inc. malting plant, just north of the city of Jefferson along Highway 26, said Bob Welch, a spokesman for the newly formed company.

Jefferson Grain plans to invest more than $200 million into converting the malting plant, which sits on 375 acres, into a multi-use facility that includes an ethanol plant, a tilapia fish farm and a power-generating facility, Welch said.

Those investments would create 150 jobs, he said.

The malting plant, set to close this month, has around 75 employees. Cargill, of Minneapolis, said in August that it would close the plant, formerly known as Ladish Malting, because of adverse business conditions.

Jefferson Grain is led by Paul Olsen, who also operates Utica Energy LLC, which owns an ethanol plant in Oshkosh.

Welch said he didn't know when Jefferson Grain would complete the purchase. He said the plans are "somewhat tentative."

Welch said the announcement was made because Jefferson Grain has applied for a conditional use permit from the county to make changes to the facility.

Jefferson Grain said the plant will produce 140 million gallons of ethanol yearly, making it nearly three times larger than any other Wisconsin ethanol plant.

Wisconsin has four ethanol plants, with several in the planning stages.

The plants, which opened after Wisconsin began providing subsidies in 2001 to encourage ethanol production, use about 20% of the state's corn crop.

Legislation pending in the Wisconsin Assembly would require regular-grade gasoline at pumps throughout the state to contain 10% ethanol, a fuel made from distilled corn sugar.

Ethanol backers, including corn growers and Illinois agribusiness giant Archer Daniels Midland Inc., have said that greater use of ethanol reduces the nation's dependence on imported oil.

Opponents have said that ethanol production contributes to air, water and soil pollution and consumes as much energy as it makes. In addition, ethanol reduces gas mileage in most vehicles 2% to 3%.

Welch said the subsidies, which are scheduled to end in 2006, have no bearing on Jefferson Grain's plans to create an ethanol plant.
He said the plant would probably not begin production until after the subsidies lapse.

Also, Welch said, demand for ethanol is strong enough to make the plant feasible even without the legislation mandating wider use.

The tilapia fish farm would produce more than 8 million pounds of fresh filets yearly. Malting plants use large, shallow pools, which lend themselves well for reuse as fish-raisng facilities, Welch said.

The plans also include creation of a 55-megawatt electric co-generating facility. Such facilities typically produce electricity and steam in an industrial plant.

Jefferson Grain's operations will have a lower environmental impact than the malt plant's, according to its backers, including the use of less water and a reduction in air emissions and odor.

"This is great news for the people of Jefferson County," Rep. David Ward (R-Fort Atkinson) said in a statement.

Ward said the new facility will create jobs and provide another market for farmers.

County Board Chairwoman Sharon Schmeling said in a statement: "I'm excited by this opportunity to expand our economy. The company has already been a very good partner in coming to the county to help put this together."

From the Oct. 15, 2005 editions of the Milwaukee Journal Sentinel

Have an opinion on this story? Write a letter to the editor or start an online forum.

Subscribe today and receive 4 weeks free! Sign up now.