Print Page

Cellulosic ethanol plant slated for Black Hills

By Jeremy Fugleberg, Journal Staff

A Rapid City energy company is scouting the area, looking for a home for a planned multimillion-dollar ethanol plant that will employ dozens and convert forest waste into ethanol and other types of energy.

“We think our technology is ready for market now, so we’re looking at our first commercial facility,” said Dave Litzen, vice president of KL Energy Corp., formerly KL Process Design Group. “We see the best place to put that plant is on our backyard.”

Steve Corcoran, the firm’s newly appointed chief executive, said the company plans to start design work by the end of this year, and finish building the $25 million to $50 million facility by late 2010. Depending on the plant’s configuration, it will employ 25 to 40 people, and produce up to 5 million gallons of cellulosic ethanol a year, he said.

Litzen and Corcoran say they’re scouting several places in the Black Hills, and working to arrange the sources for the “feedstock,” forest waste that will feed the plant. Although the company may build the plant for a client, it also could own and operate the plant itself, Corcoran said.

The company already runs a much smaller ethanol plant in Upton, Wyo., that can produce 1.5 million gallons of ethanol a year. But that facility, which began operation in January 2008, has mostly served as a test as the company refined its process.

Most of the ethanol in the United States is produced from corn. Cellulosic ethanol uses a variety of materials, including wood chips or forest waste, grass, agricultural waste such as corncobs, and other materials that might otherwise be considered garbage.

The corporation recently received a fresh dose of cash, as returning and new investors put $4 million into the firm’s efforts.

Previous investors Niton Capital and The Green Fund, as well as Warcoing Sucre S.A. and Pierre de Boeck, invested in the company. The new funds bring the total invested in KL Energy Corp. since October 2008 to $10.1 million.

“Given the economic times, they obviously believe in our technology,” Corcoran said.

The investors represent interest from several points around the globe, from countries who may be interested in importing the cellulosic ethanol production methods created by KL Energy.

“What they do bring us is an international flavor,” Corcoran said.

The new plant will further prove the company’s design concept. Litzen said the company prefers to call the facilities energy centers, because they can produces ethanol fuel for vehicles, wood pellets for heating, wood waste that will power electricity generators, a syrup that can feed cattle, and biogas that could replace natural gas.

Much of the corn ethanol facilities built in the upper Midwest in recent years are relatively massive

plants that can produce 100 million gallons of ethanol a year.

KL Energy Corp's design goes a different way. The company wants its next ethanol facility to serve as a prototype of a small, flexible energy center that can run on any number of materials and be located near a city that consumes the energy and products produced by the plant.

"The design is small-scale design built for the economy of the feedstock available," Litzen said.

The energy center would include a modular design that would allow clients to add a pellet-manufacturing facility or an electricity cogeneration plant.

In addition, KL's production process doesn't use toxic chemicals used by other cellulosic ethanol producers, something that has proven to be a big draw for the corporations overseas investors.

"I think that's what makes our investors interested in our process," Corcoran said.

But while international companies invest in the firm's cellulosic ethanol production process, KL Energy Corp. keeps a local flavor.

The company is located in a nondescript set of offices on the second floor of a small office building at 306 East St. Joseph Street. The company is refining research that began in laboratories at the South Dakota School of Mines & Technology in 2001. Every one of the company's engineers is a graduate from the school, just a few blocks away.

"It's fair to label them our first and strongest partner," Corcoran said.

Contact Jeremy Fugleberg at jeremy.fugleberg@rapidcityjournal.com or 394-8421