

News > New Haven

Guilford man eyes city site for green venture

Tuesday, November 25, 2008 5:51 AM EST

By Mary E. O'Leary, Register Topics Editor

NEW HAVEN — When Gus Kellogg pulls onto his business site in the North Yard of New Haven Harbor, his biodiesel Volkswagen bug is dwarfed by the petroleum storage tanks looming on the west flank of the property.

The Guilford resident, who has been distributing biodiesel, a mixture of vegetable oil feedstock and methanol, for three years, is taking his green venture to the next level with a plan to produce the sustainable fuel in New Haven.

"When our plant comes online, we expect to produce 20 million gallons within five years. It may seem like a drop in the bucket, but it is a significant step in what we believe is the right direction," said Kellogg, who is proceeding through necessary local approvals.

There are almost 175 biodiesel plants, built or under construction, in the U.S., Kellogg said, but only one in Connecticut and three in New England.

In New Haven, the Magellan Terminal Holdings tanks, some with capacity of 100,000 barrels, will dwarf the 10,700-barrel tanks Kellogg plans to build in the first phase of his proposal for 100 Wheeler St. Two self-contained processing units and a truck-loading rack are part of the phase.

He said the business would operate 24/7 and employ 15 full-time workers. In a second stage, Kellogg plans construction of a 8,266-square-foot building to house an office and additional processing units.

So far, the City Plan Commission has given him a favorable coastal site review; the Board of Zoning Appeals votes on it Dec. 9.

Kellogg hopes to work out an arrangement with Magellan to blend biodiesel with diesel for heating and vehicular use, while long-term he would like to use the adjacent Quinnipiac River for transport to other regions.

"New Haven for us is a really logical site. It's very ideal because it is the largest oil cargo port between New York and Boston," Kellogg said. If he can't sell all of his product in New Haven, he said, he will look for buyers throughout New England.

The 100 Wheeler St. site is home to eight businesses, many in buildings renovated by Ronsal North LLC. Kellogg's operation would take place on less than one-half acre of a 6-acre site with a view of Pearl Harbor Memorial Bridge.

He hopes to catch the slow rising curve of consumer interest in the product. Already in Europe, more than half of vehicles have diesel engines, with more options coming on the American market.

While the stock market see-saws and bank credit is scarce, Kellogg remains optimistic it is a good time to pursue a green agenda if he can get state help in putting his financing package together.

Also, the incoming Barack Obama administration in Washington is expected to give top priority to energy independence and creation of green jobs.

"It truly can be a job creator both on the farming side, the processing side and technology side," Kellogg said.

His company, Greenleaf Biofuels, was one of seven approved last week for \$350,000 in state reimbursement grants to the biodiesel industry. He got \$50,000 for purchase of a 6,900-gallon biodiesel tank trailer.

The state had put \$5 million aside for grants for the industry, but Gov. M. Jodi Rell has targeted \$2.5 million to cut from the program as part of closing a \$300 million budget deficit this year. Local state representatives, however, argue this is not the place to achieve savings.

"Cuts in alternative energy would be destructive and take us in a direction opposite from where we should be going," said state Sen. Edward Meyer, D-Guilford. Monday, negotiations between Rell's office and the General Assembly were whittling the cut to \$450,000.

Derek Slap, spokesman for Senate Pro Tempore Donald Williams, D-Brooklyn, said Williams "wants to make sure that what we cut doesn't make the economy worse."

Kellogg said his typical customers now are farmers, boaters and drivers of diesel cars. The biggest dealer he delivers to is Hale Hill Biofuels in Branford.

His proposal is to use recycled cooking oil from National Rendering Co. in the New Jersey and Boston areas, but he is in discussions with a Connecticut distributor. The company's commitment, however, is to use the most sustainable feedstock, which down the road could be algae.

The biodiesel waste product is glycerin, which will be sold for conversion to soaps and detergents.

His target is to break into the "huge" heating oil market, which is typically sold with a 5 percent to 20 percent ratio of biodiesel and diesel.

Kellogg is president of the Connecticut Biodiesel/Bioheat Association. He recently brought on Yale professor Paul Anastas, also known as the father of green chemistry, as the firm's chief technology officer.

Kellogg, 39, who worked in the tech sector, said running a biodiesel company is a political and economic statement.

"It's all about energy security and cleaning up the environment," Kellogg said.

An indication of the viability of the biodiesel industry is Magellan's investment at its East Street terminal, where it has a 150,000 barrel storage capacity for biodiesel and a blending system that allows for a truck to create a 2 percent to 40 percent blend for diesel fuel and a 2 percent to 20 percent blend in heating oil, according to its spokesman, Bruce Heine.

Mary E. O'Leary can be reached at 789-5731 or moleary@nhregister.com.

URL: http://www.nhregister.com/articles/2008/11/25/news/new_haven/doc492bd4ee72677358339750.prt

© 2008 nhregister.com, a **Journal Register** Property