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Heron Lake's 50-million-gallon ethanol plant started pumping ethanol late last week.

At times, it seemed like opening day would never come for the area's newest ethanol plant, Heron Lake BioEnergy. However, last Friday it happened — the \$119.3-million plant pumped its first gallon of ethanol. Chief Executive Officer Bob Ferguson was both thrilled and relieved. "Now we just have to see how it does," said Ferguson who was named CEO Sept. 1. "The ultimate goal is to get it on line and see if it does what we were told it would do." The 50-million-gallon ethanol plant was designed and built by Fagen/ICM., based in Granite Falls and Colwich, Kansas.

Project started in 2004

The project officially started about three years ago, but unofficially it goes back much further than that. Organizers have had to deal with countless delays involving permits, weather and product or installation issues. Even when the plant was finished, there were questions about how things would work. "Little things can go wrong, but it's all part of the process to get it up and running," Ferguson said. "You have to remember this is all brand new and has never been run. The whole system is looking at you all at the same time." The unique aspect of this plant is that it will burn coal. It is the first such plant in Minnesota and only the fourth coal-burning plant in the country. Ferguson said there are 300 tons of coal on site and the plant is already burning coal. "I talked to the manager of the plant in Richardson, N.D., and he is burning the same kind of coal as we," Ferguson said. "He says it is running excellent." Theoretically, there are 16 different fuels, such as wood chips and grasses, that could be burned at the Heron Lake plant. However, Ferguson said any change in fuel sources will take some time. "It took us two-plus years to permit this as a coal-fired plant," Ferguson said. "If you throw in another source, will it take two more years to permit it?" Plus, every fuel has its own characteristics and its own emissions. How hard it (a changeover) would be will be defined by the permitting."

Future of ethanol

As the Heron Lake plant goes into operation, the price of corn is near \$3 per bushel and the price of gas is also about \$3. Raw ethanol is selling for \$1.60 per gallon. These are not great numbers for the ethanol industry. Ferguson was asked what needs to happen for the ethanol industry to flourish. "The public has to decide what they want to use," Ferguson said. "The more fuel we burn of our own production, the better off we are." Over the last two or three years, ethanol has proved itself. So you need to decide, do you want to help your own economy, or help a foreign economy?" Meanwhile, Ferguson noted that the people operating Heron Lake BioEnergy will strive to make it a solid corporate neighbor. For instance, he hopes to eventually make it a "zero discharge" plant, meaning water would be recycled throughout the plant.

"Zero discharge technology was not a reality when the plant was designed," Ferguson said. "Some day in the future, maybe we'll have it. The whole process has to be adaptable to make it happen.

The plant

Meanwhile, Ferguson is confident that the groundwork has been laid for success at Heron Lake BioEnergy. He said the 45 employees are Heron Lake BioEnergy's biggest assets. "I cannot talk enough about our employees," Ferguson said. "We have good people here." They've hung in there for three months and are ready to do what they were hired to do and that's make ethanol." Ferguson said he also appreciates the fact that Heron Lake BioEnergy will make a positive impact on the region's economy. In many ways, it has already done that. The plant provides a good source of income for 45 workers who have already been on the payroll for three months. "Industry here is sparse," Ferguson noted. "So if this helps make something else come here — whether it is an industry or whatever — that's another win. It's all about development." He noted that there has been a great deal of development in the region, particularly along Interstate 90 and Highway 60. "It's no secret that Highway 60 and Interstate 90 is an ag corridor," Ferguson said. "When you see corn, soybeans, cattle and swine, you see fuel and food sources for industries that should develop here." Realistically, you need to put in industries for food and fuel sources. I don't see southern Minnesota as being, for instance, a car manufacturer. It will be ag-related."

Ferguson added that he does not characterize this as a Heron Lake project. "This will have a significant impact on Windom, Worthington, Jackson, Brewster and other areas," Ferguson said. Will there be spin-off development related to ethanol? "I think there will be a little opportunity for the area," Ferguson said. "There are things out there that will be looked at."

The delays

Ferguson said if there was anything he'd do differently, it has to do with the project's timetable. "When you build a project that is \$100-plus-million, even your best aspirations are probably over-aggressive," he said. The board and other officials had to rely on a lot of people to make everything happen on schedule. Weather played a key role as well. For instance, a windy summer was a key factor, considering the number of huge cranes that were on site. "The biggest thing I had to grasp was that I'm used to setting goals in life and setting time lines. Usually, I can make them happen. "But this is still driven by a larger force. There are multiple agencies. We had the city, vendors, construction people and the railroad. Everyone has time lines and goals but there are just too many things that are cause and effect." At times, various aspects of the project were extremely challenging. Fortunately, Ferguson noted, the plant was influenced by the presence of a strong board. "We went through long meetings and challenging times," Ferguson said. "It takes a lot of coordination and interaction." What's more Ferguson always sensed support from area farmers, businesses and

others."After three years in the making, it is pretty darn exciting," Ferguson said with a grin.