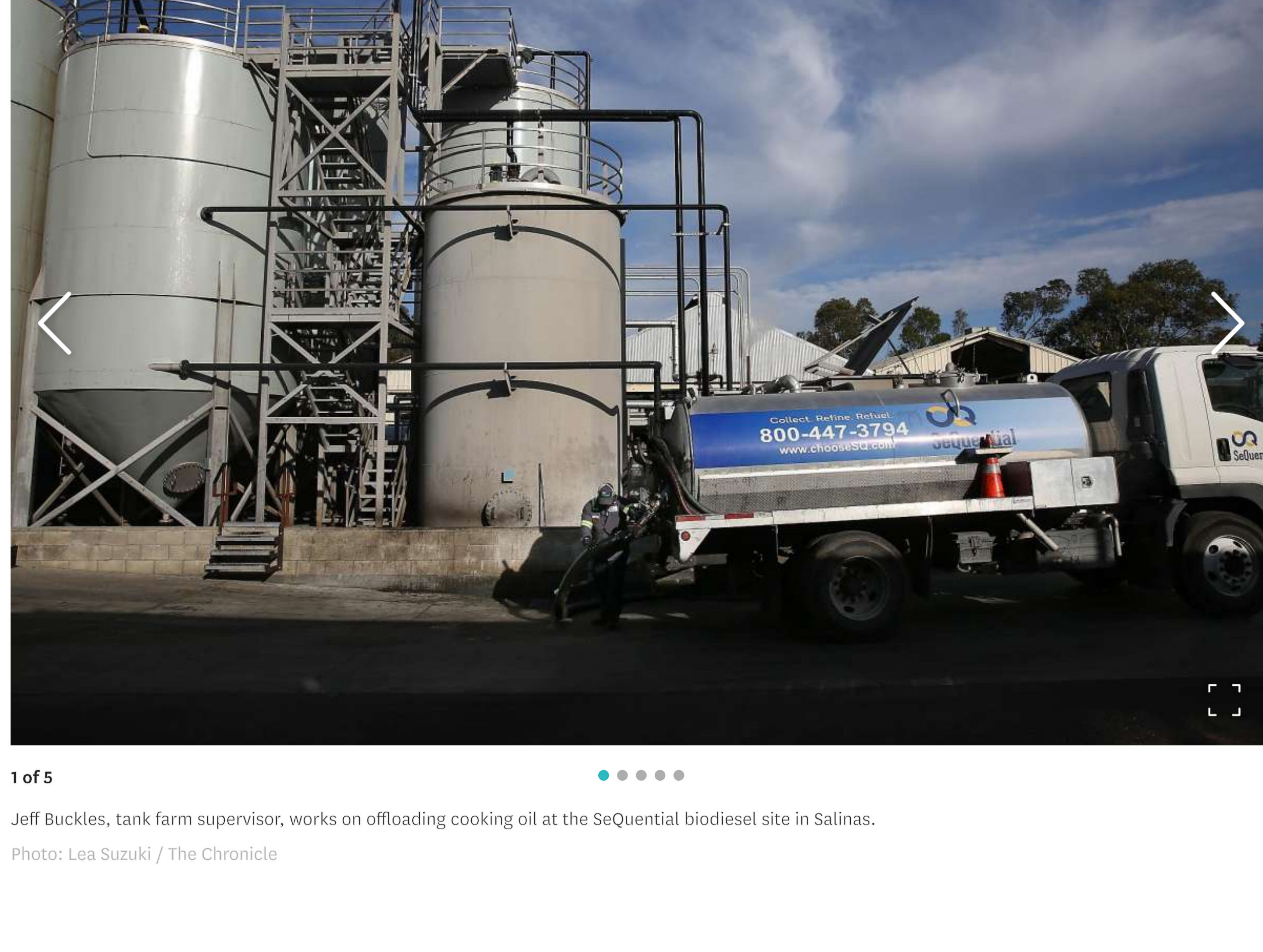


BIZ & TECH // BUSINESS

California restaurants are hurting. That means less leftover cooking oil to make biofuels

Bryan Mena | Dec. 12, 2020 | Updated: Dec. 12, 2020 4 a.m.



Jeff Buckles, tank farm supervisor, works on offloading cooking oil at the SeQuantial biodiesel site in Salinas. Photo: Lea Suzuki / The Chronicle

In pre-pandemic times, Bay Area fast-food chain Super Duper Burgers placed a 50-gallon container in every restaurant to store used cooking oil.

The containers would fill up every two weeks and were collected by SeQuantial, a biodiesel producer in Portland, Ore.

Then restaurants experienced drastic cutbacks in March, and the containers took much longer to fill up.

"We eventually brought it back to every two weeks once business began to improve, but I'm not sure yet how it's gonna be because of the (new) lockdown," said Ed Onas, Super Duper's vice president of operations, who noted that the chain has downsized from 15 locations to 13.



As Super Duper's experience suggests, the economic upheaval wrought by the coronavirus has had a knock-on effect on the biofuels industry.

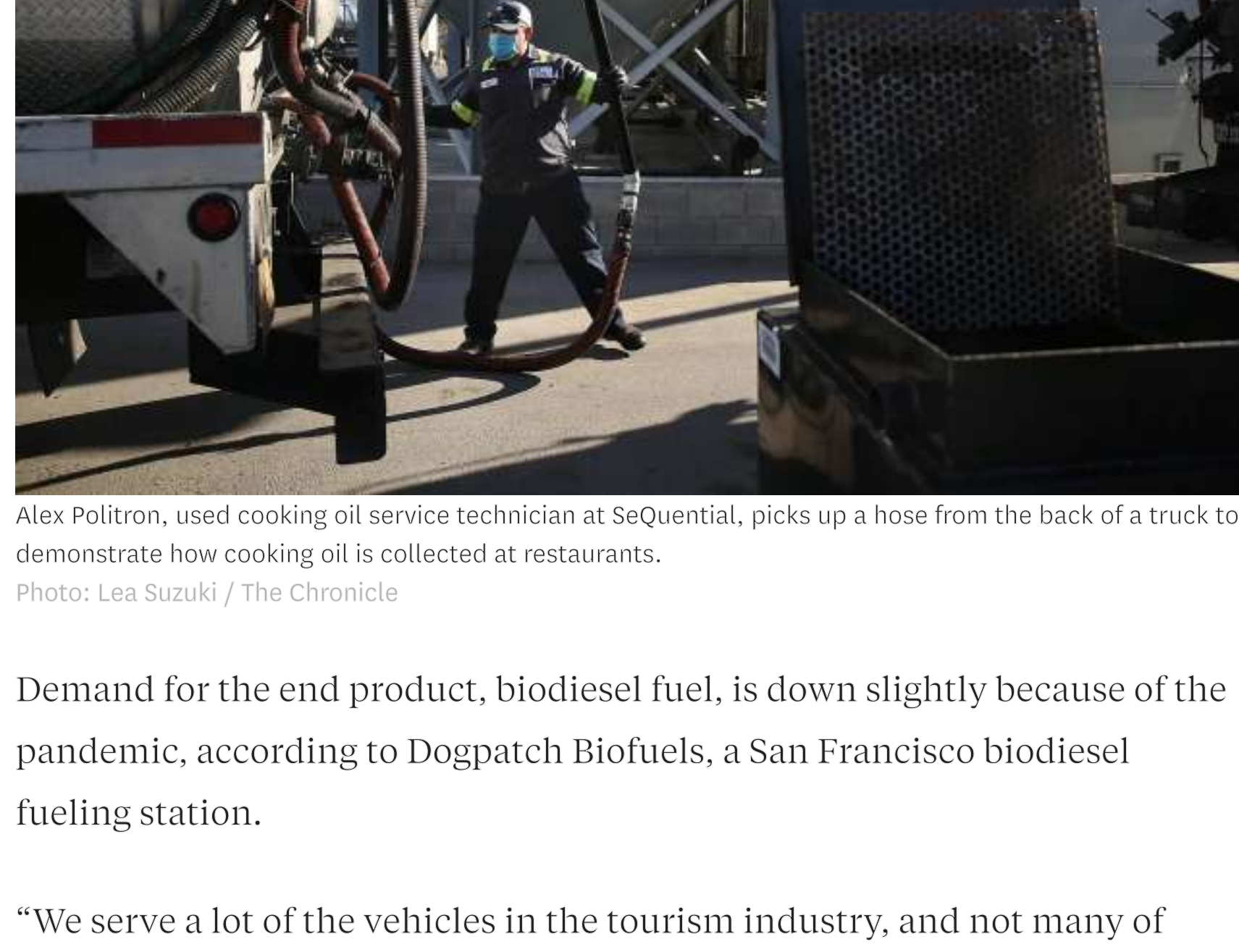
Production plants for biofuels, which California promotes as greener than ordinary diesel or gasoline, often rely on restaurants, factories and other sources that regularly generate used cooking grease. Refineries can turn this into renewable diesel or biodiesel to fill trucks, ships, school buses and more.

Biofuels leaders say that the supply of used cooking oil in recent months has run far below the comparable time period in 2019.

"Back in the spring, what was being collected and coming through went down to about 20%," said Joe Gershen, president of Encore BioRenewables, a Santa Monica consulting company that works with biofuel producers. "So that's like an 80% decrease, and we're hopeful that it won't go down to that again, but I think everyone's bracing themselves for something along those lines with these new restrictions."

Tyson Keever, chief operations officer of SeQuantial, the biodiesel production company that serves California, said the sheer number of restaurant closures on the West Coast has had an impact. It's mostly restaurants that supply the oil because of their use of fryers, he said — but other institutions such as sports stadiums, schools, hospitals, business centers, malls and even government entities sometimes do so, too.

"In places where there's always been a significant influx of business travelers and tourists, like the San Francisco area, that actually impacts us because there's now less tourism there, which means there's less customers eating fried foods from restaurants," said Keever, who also chairs the California Advanced Biofuels Alliance.

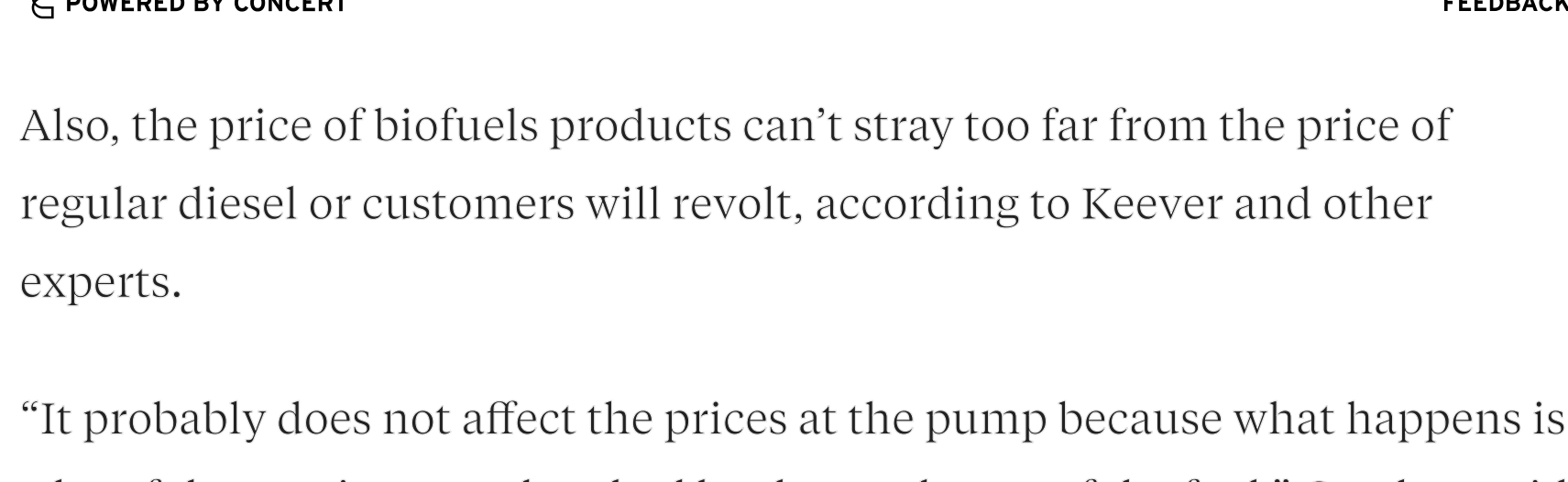


Alex Polifron, used cooking oil service technician at SeQuantial, picks up a hose from the back of a truck to demonstrate how cooking oil is collected at restaurants. Photo: Lea Suzuki / The Chronicle

Demand for the end product, biodiesel fuel, is down slightly because of the pandemic, according to Dogpatch Biofuels, a San Francisco biodiesel fueling station.

"We serve a lot of the vehicles in the tourism industry, and not many of those are running, so it's impacted our station," said Brian Deninger, the firm's owner, who said he has had no difficulty obtaining fuel.

The production of renewable diesel, which is more chemically similar to regular diesel than biodiesel and, therefore, can go into tanks at 100% strength, has been impacted more, Gershen said, because it is a newer product than biodiesel. But customers will not notice shortages at the pump, because refineries can switch to using alternatives like soybean or canola oil from the Midwest.



Also, the price of biofuels products can't stray too far from the price of regular diesel or customers will revolt, according to Keever and other experts.

"It probably does not affect the prices at the pump because what happens is a lot of those prices get absorbed by the marketers of the fuel," Gershen said. "We don't see it trickle down to the consumer. What happens is the guys in the middle just make a little less margin."

Imperial Western Products, a biodiesel producer in Southern California, saw collection of used grease from restaurants decrease by 50% in April, according to Eric Kayser, the company's biodiesel division manager.

That translated to a roughly 30% decrease in the actual production of biodiesel, which can be a potential problem because demand is down by only about 8% to 10%, Kayser said.

"There's just not enough oil on the market to feed our plants for the most part," he said.

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Kayser said his company has a cooking oil collection site in Northern California that served about 1,000 restaurants before the pandemic, but about 300 of them in that area "no longer require any service from us."

"As these restrictions on restaurants kind of went on and off, we're probably back at about 65 or 70% of all of our pre-COVID collection numbers," Kayser said — an improvement, at least, from April.

Kayser said restaurants generally get paid for their used oil, and the amount they earn is based on several variables, like quantity and quality.

"As an example, if you're a restaurant that has very clean frying, like if using your oil to fry nothing but potato chips, then your oil would be very clean and would be worth more than a restaurant frying meat products," he said.

Super Duper, the Bay Area burger chain, chooses not to seek compensation for its used oils, according to Onas. SeQuantial picks it up so Super Duper doesn't have to dispose of it — and contributing to biofuels production is all part of the chain's environmental mission, he said.

"At the end of the day, that's what's more important for us," Onas said.

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