

Biofuels Move From Lab to Frying Pan

Squeezed by cheap oil and regulatory delays, alternative-fuel producers are retooling product lines

By [AMY HARDER](#)

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[Solazyme](#) Inc., a company founded 12 years ago to make car and truck fuel from algae, is vigorously pushing a new product. But this time, it is fuel for the body: cooking oil, based on algae, marketed as healthful for you and the planet.

Solazyme is one of an array of companies whose initial mission of making alternative fuel has been undercut by cheap oil and regulatory delays. So San Francisco-based Solazyme and fellow biofuel firms are doing what any company might—shifting to something more profitable. An assortment of bioproducts with high profit margins—antiaging lotions and ice cream made of algae, for example, and household cleaners and perfumes based on yeast—are proliferating as biofuels flounder.



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Strains of microalgae cultures combined with nutrients at a Solazyme lab.

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Solazyme in October launched Thrive, “a breakthrough culinary algae oil for consumers in terms of healthy cooking, taste and usability,” as Chief Executive Jonathan Wolfson recently described it to investors. The algae, he said, helps give the oil “a light, clean taste.” The oil is priced at \$11.99 for 16.9 ounces.

Beneath the marketing, the products’ proliferation reflects how an idealistic government policy is falling short in the face of market forces. It highlights how the push for biofuels, launched with high hopes a decade ago, has failed to meet expectations, forcing companies, government and activists to adjust.

“Take a lack of forward progress and long-term energy policy in Washington and add \$40-a-barrel oil to that, and the result is that with

great effort we're just breaking even in specialized areas of fuels," Mr. Wolfson said in an interview. "We still believe in the long-term potential for fuel, but it's just really hard right there right now."

That reality was starkly underlined recently. U.S. officials, in Paris for a summit on climate change earlier this month, barely mentioned the role biofuels could fill in the world's future energy landscape.

Corn-based ethanol is the most common alternative transportation fuel and a favorite in corn-rich states like Iowa. But a growing number of critics say it should no longer receive government support, arguing that it raises food prices without mitigating climate change.