Covid-19's impact on the North American CO2 industry

By **Sam A. Rushing** on Apr 01, 2020

Translate

The effects on the carbon dioxide (CO_2) industry caused by the Covid-19 outbreak are dramatic.

Many businesses have ground to a halt, or slowed significantly, and shortages of common household items are all too common. Gasoline is available, which includes that blended with ethanol, but traffic on the roads is significantly down. All of this impacts the CO_2 industry.

As to the closing of businesses, it was announced US ethanol plants are cutting output due to crashing demand, as per the RFA (Renewable Fuels Association). Further, on this subject, the US ethanol producers shut down up to two billion gallons of capacity on an annualised basis, based on figures in late February, on 28thMarch. The biofuel producers are feeling the impact of the energy industry in crisis, due to the attempt to contain the virus, which is driven by a fall in demand for products including gasoline and jet fuel.

What an industry major described as a poor month for carbon dioxide, the sources beyond ethanol will hope to supplement product to the market. What is commonplace, of course, is first to serve those under contract – and allocate product when supplies are inadequate. To follow will be force majeures, placed when possible, as well as best efforts to promptly raise production from other source types beyond ethanol.

Other industries are in part affected, such as the oil refining sector. It is predicted by *Forbes* that gasoline consumption will decline 55% for March and April. The refining sector is also important to the CO_2 supply network, representing less than 20% of the grand total. One place of significant oil refining-based supply is the California market, where most of the CO_2 supply has traditionally come from the refineries in the state. As of the last few years, some ethanol plants have been a source for product as well. In the end, this is a double impact to California's sources when considering both refining and ethanol are in jeopardy.

CO_2 sources from the oil sector, including ethylene oxide may also be affected as well.

However, on the other side of the sourcing equation, would be natural sources, primarily from the Jackson Dome sources, which can only go so far to supply or supplement the CO_2 needs.

Hopeful

On the consumer level, the availability of many consumer goods has been severely hampered by panic buying and hoarding.

If not the hoarding of consumer products and groceries, there may be a reduction in the availability of many of the things we take for granted which either indirectly use CO_2 in their manufacture, or in direct use – such as beverages, frozen food products and much more.

I am, however, hopeful and looking forward to a return to normality, when sources of CO_2 will return and when, perhaps, the gas companies will look to re-balance their source portfolio and rely less on edible grain-based ethanol source by-product.

There needs to be a time in our country to reduce carbon levels, and pass legislation to significantly subsidise CO_2 recovery from flue gas, direct air capture, and other mechanisms, which would represent a positive re-balancing of CO_2 source portfolios for the CO_2 industry, as well as help reduce carbon levels in our environment.

About the author

Sam A. Rushing is President of Advanced Cryogenics, Ltd, a chemist, and a global consultant to all sectors of the CO_2 industry, as well as cryogenic gases. If you have a CO_2-related or cryogenic project, and need expertise, please call upon the company. Advanced Cryogenics also supplies a full menu of CO_2 and cryogenic equipment, new and used.

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