FUELING CHANGE

CLECO TO USE HOT EXHAUST FROM CARBON BLACK PLANT FOR FUEL

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CENTERVILLE – Site preparation will begin this month for Cleco's latest power plant, a 50-megawatt electricity generator that will use hot exhaust from nearby Cabot Corp.'s carbon black facility for fuel.

Cleco is calling the $80 million project the St. Mary Clean Energy Center, a reference to the parish in which it is located and to the zero additional pollutants that will be emitted when it's up and running in 2018.

The Pineville-based utility will construct the plant adjacent to Cabot's plant, which is located a few miles south of Centerville and near the Intracoastal Canal. Cleco will use a process called waste heat recovery, essentially piping in the hot exhaust gas that already flows from Cabot's plant to power the utility's turbine generator. Cleco will purchase from Cabot the fuel, which normally is regarded as industrial detritus.

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Robyn Cooper, manager of investor and public relations, said the electricity that eventually comes from the plant will be enough to light up 17,000 homes.

"We're using a proven technology and further diversifying our fuel mix," Cooper said.

Currently, Cleco uses natural gas, coal and petroleum coke to bring electricity to its customers in Louisiana from plants in Rapides, DeSoto, Acadia and St. Mary parishes. Cleco's services area is central and south Louisiana, and on the north shore of Lake Pontchartrain. The company has no nuclear power plants.

The newest plant will power up commercially after construction is completed. The added electrical generation will be needed as Cleco plans to retire a generator — installed in 1954 — at the company's Teche Power Station in nearby Baldwin. Cleco communications associate Jennifer Cahill said Cooper said Cleco has yet issued requests for proposals in its selection process for a prime contractor. Cooper said that selection will be made later this year or early next year.

The plans are welcome news in St. Mary Parish, whose residents are currently in the depths of a severe energy sector downturn. Cleco anticipates 200 jobs will be created for construction, and 15 high-salaried employees will be needed later to run the plant.

Economics

"An $80 million investment is a bright spot," said Frank Fink, director of economic development for St. Mary Parish.

The Cabot Carbon Black Plant, located in Centerville, will help to fuel Cleco's latest power plant. Cleco will use a process called waste heat recovery, essentially piping in the hot exhaust gas that already flows from Cabot's plant, shown here, to power the utility's turbine generator. Cleco will purchase from Cabot the fuel, which normally is regarded as industrial detritus.

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"Let's be straightforward and honest about it: These are new jobs. The oil field, we're looking at a recovery maybe late next year."

Using figures from the U.S. Department of Labor, Fink said almost 1,700 jobs have been lost over the past two years in the parish, which is heavily dependent on oil and gas activity in the Gulf of Mexico. That number of lost jobs weighs heavily in a parish that, according to the U.S. census figures, had a population of 54,650 in 2015.

Sales tax revenue in the parish, a measure of economic activity, is way down, too. According to the parish Sales and Use Tax Department, which released the latest figures Friday, revenue for the first six months of 2016 is down 11.2 percent from the first six months of 2015.

"The point is, any new jobs are positive. Any construction jobs in 2017 are good jobs until the oil field recovers," Fink said.

Early attempt

Proponents have long touted the environmental and economic gains that come from using hot, polluting, yet power-packed industrial waste gas to fuel power plants. The process cuts down on greenhouse emissions because there are none from the electricity generation side of the operations.

Cahill said the utility is looking for other opportunities with industrial plants. In those scenarios, Cleco would build and operate the plant.

Entergy Louisiana, the state's largest electricity provider, uses the process indirectly, said Michael Burns, a spokesman for Entergy.

"It's a great way to reduce consumption in the state and increase revenue for the state," Burns said.

Following Cleco's approach, the company's Cabot plant will be used to fuel Cleco's newest power plant.

Cahill said Entergy has signed a power purchase agreement to purchase 40 megawatts of electricity generated at power stations run by Rain CII, which uses waste heat from Rain CII carbon black plants in Sulphur and Chalmette.

"Electricity fueled from the gaseous detritus of industrial plants is not a new process. But its growth has been hindered by the regulatory scheme in Louisiana and other states, said Tom Casten. Casten in the early 2000s approached Cabot about using the company's waste heat gas to power plants owned and operated by Casten's company at the time, Primary Energy.

"My 40-year career has been all about how to reduce greenhouse gases profitably to society," Casten said in a telephone interview last week from his office in Westmont, Illinois. "Our idea was always focused on converting all of the waste heat into something useful.

Casten said his proposal was to use waste gas from Cabot's carbon black facilities in St. Mary and Evangeline parishes, plants that also are in Cleco's service territory. The plan was to sell the use of waste heat as fuel, generate the electricity, and then sell the power to Casten at a reduced price for its own consumption. The excess power would be sold to Cleco, which in turn would sell to its customers across the state. Casten said he also planned to sell power to Columbian Chemicals, another company manufacturing carbon black located not far from Cabot's plant.

But the way power is regulated in Louisiana and other Deep South states allowed Cleco to erect barriers to the plan. Casten said: Outside, unregulated companies are allowed to build power plants and generate electricity. But distribution and sales are in the hands of the regulated utilities, which are granted monopolies by state regulatory agencies.

Casten said the project ended in the mid-2000s when Cabot "pulled the plug" on the project.

Cooper, with Cleco, said simply that the timing was not right for the project when it was proposed.

Efforts to contact Cabot's media department in Boston last week were unsuccessful.

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