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*****FAGEN TAPPED TO BUILD SUGARCANE-BASED ETHANOL PLANTS IN CALIFORNIA**

A West Coast ethanol company that plans to build at least five California plants using sugarcane as its feedstock has tapped Fagen as the lead contractor.

"Fagen, Inc. has extensive experience in both fuel ethanol and power plants, and we are excited to have them leading the engineering, design and construction efforts for our projects," said O. Wayne Mitchell, California Ethanol & Power (CE&P) executive vice president of Technologies and Operations.

"Fagen is currently performing initial engineering and permitting services, while CE&P and Fagen are finalizing the terms of a pre-financial close technical services agreement and the post-financial close credit support engineering, procurement and construction contract," the company noted.

CE&P and Fagen expect to begin construction on the company's first ethanol plant next year, the company said. Further details about CE&P's plants were provided by COO David Rubenstein.

Each of the five plants, to be located in the Imperial Valley, plans to produce 60-million gal/yr of ethanol, 50 megawatts/yr of electricity, 181,000 tons/yr industrial grade carbon dioxide, 292,000 dry tons/yr of biomass for forage or fuel and 20,000-29,000-tons/yr of fertilizer, he told OPIS. Of the 50 megawatts of electricity produced, 15 megawatts will be to power the plant (negating the need for natural gas), and the remaining 35 megawatts will be sold to a public utility in the state, he noted.

Each ethanol plant will use locally grown sugarcane as its feedstock, the company explained in a backgrounder document supplied to OPIS. Six Imperial Valley farmers are currently growing more than 700 acres of two-seed sugarcane varieties under CE&P's direction, the document noted.

"Each acre of seed sugarcane can seed 6-10 new acres of sugarcane, enabling CE&P to reach the sugarcane acreage required by the initial project," according to the document. Rubenstein noted that each ethanol plant will need approximately 37,000 acres of sugarcane for its feedstock.

Using sugarcane for the plants' feedstocks means the company "will have substantially lower all-in production costs than conventional corn-to-ethanol plants, whether in the Midwest or in California, and sugarcane as the feedstock has been proven to produce much more energy per unit consumed, and to have a much better carbon footprint than corn," Rubenstein said in a company press release.

CE&P's first ethanol plant should online by the third quarter of 2011, Rubenstein noted. The plant will have rail access through Union Pacific and the company is currently in discussions on who would market the ethanol, he said. The price tag on the construction of the first ethanol plant is currently projected at \$355 million (excluding agricultural and financing costs).

The timeframes for the remaining four ethanol plants aren't final yet, but the company aims to begin development in the next two to three years, Rubenstein said. "We're extremely focused on plant number one at this point," he added.

There are other West Coast companies that have announced plans to bring sugarcane-based ethanol plants online in the region, but none have begun operations yet.

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