

# Katahdin Region News

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## Cate Street announces plans to start biofuel manufacturing

**By Brian Brown**

MILLINOCKET—Within one year Cate Street Capital plans to begin manufacturing a biofuel known as torrefied wood on site at its Great Northern Paper mill in Millinocket and bring at least 100 new jobs to the Katahdin Region.

Company spokesperson Scott Tranchemontagne of Montagne Communications said Cate Street, through its subsidiary Thermogen Industries LLC, will build at least five machines in the coming year to make torrefied wood, a biofuel that burns cleaner than coal but with the same energy output and efficiency making it desirable for

coal-burning power plants looking to reduce air emissions.

Tranchemontagne said Cate Street Capital recently completed a \$20 million deal with a Scotland company, Rotawave Biocoal Limited, to acquire exclusive North American manufacturing rights to Rotawave's Targeted Intelligent Energy System (TIES), which is proprietary technology developed by the company to make the torrefied wood.

"It's exciting news," said Tranchemontagne. "We've done our due diligence. We know there is a market there for this."

The company's plans call for the installation of at least five and possibly six of the TIES on the Great Northern Paper campus in Millinocket.

Tranchemontagne said each of the machines is capable of producing 100,000 tons annually of torrefied wood through a process called torrefaction, which takes

the same raw materials used in paper making and uses microwave technology to produce a black, cylindrical pellet that can be used as a coal substitute in a 1-to-1 ratio.

He said the current timeline for Thermogen calls for the next three months to be spent on tying up developmental details including the ironing out of contacts and site preparations at the Millinocket mill location.

It will take six months to build the manufacturing equipment and another three months to install the machines.

If all goes according to plan, Tranchemontagne said torrefied wood pellets called Aurora Black would be produced in Millinocket starting by the end of November 2012.

"It's very aggressive," he said. "We're very confident we can meet it."

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Tranchemontagne said each of the torrefied wood machines will bring with it 22 to 25 new jobs.

"It's exciting," he said. "It's new jobs, and we'll look to the Katahdin Region to fill these jobs."

The company intends to build five or six of the machines in Millinocket and could add additional ones down the road based on market demand for the torrefied wood pellets.

"We know the market will immediately bear 500,000 to 600,000 tons," said Tranchemontagne.

He added the bulk of the market will be overseas particularly in Europe and the United Kingdom, where countries have very strict emissions standards.

With the torrefied wood it is added in a 1-to-1 ratio with the coal meaning that if a plant needs to reduce its emissions output by 30 percent it would use a 70-30 mixture of coal to torrefied wood.

"By introducing torrefied wood into their mix they can meet their emission standards," said Tranchemontagne. "We know there is a huge demand for this internationally and perhaps domestically as well."

The company's plans call for Thermogen to make the Aurora Black pellets in Millinocket and transport them by rail to Searsport, where they will be loaded onto a cargo ship and sent across the Atlantic.

Tranchemontagne said one of the benefits of Rotawave's technology is it makes the pellets water resistant, which will be a tremendous benefit with shipping.

"We can ship it easily overseas," he said. "Because the pellets won't absorb water it makes all the difference in the world."

As for the company's overall investment into the project, Tranchemontagne said the first torrefaction machine will cost \$35 million to build and install. Addition machines will cost less but still in the range of tens of millions of dollars likely putting Cate Street's total financial outlay in excess of \$100 million when adding in the acquisition cost for the technology.

"It's another major investment on behalf of Cate Street," said Tranchemontagne.

He added that torrefied wood manufacturing is ideally suited for mill campus because many of the resources required for one operation will support the second.

The location of the region at the end of the Golden Road and in the heart of Maine's forest products industry also make the site perfect to manufacture torrefied wood.

"It could be the most ideal location," said Tranchemontagne. "All of the resources are there, and the secondary jobs it will support will be the same one as papermaking. It doesn't get much better than that."

He said the start of torrefied wood manufacturing at the Millinocket mill will not impact the company's decision to restart the No. 11 paper machine.

Tranchemontagne said the two operations will be independent of one another and the resumption of papermaking will be determined by market conditions.

"This will not impact the mill restart one way or another," he said. "We continue to explore ways to restart No. 11, but the market is not there right now. If it turns around, we're definitely committed to restarting the mill."