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Study: Coal-to-liquid plants future of U.S. energy

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NATCHEZ — America stands at a crossroads and for local leaders the roads cross in Adams County.

While officials from Natchez and Adams County were visiting the future coal-to-liquid plant in East Dubuque, Ill., officials from the Southern States Energy Board issued a study looking at the current energy situation in the America.

And by every measure, the report concludes that coal-to-liquid technology and other alternative energy resources are the key to America's energy security.

The Southern States Energy Board is comprised of governors and state legislators from 16 states and two U.S. territories. Both Mississippi Gov. Haley Barbour and Louisiana Gov. Kathleen Blanco are members of the board.

The group released the American Energy Study July 17 that presents a comprehensive plan for U.S. energy security through the production of ultra-clean fuels from domestic fuel sources. The goal of the study was to set an aggressive timeline for achieving complete energy independence by 2030.

Coal-to-liquid plants like the proposed Rentech South plant in Adams County, are a major contributor to achieving foreign oil independence, the energy board said in its recent press release.

"America is at a crossroads," board chairman and Kentucky Gov. Ernie Fletcher told policy makers at the board's annual meeting in New Orleans. "We can either choose to produce our own transportation fuels and secure our own destiny, or we can continue to rely on expensive foreign oil from unstable sources."

"It is a very, very good report," said Director of Project Development for the Natchez Rentech project Joe Regnery in East Dubuque. "It's very thorough and we think it is well done."

America imports about 60 percent of the oil it consumes. In 2005, oil imports totaled \$680 million dollars a day. If it continues that number will soon reach \$1 billion a year, the study says.

“The economic threat of oil peaking — of production beginning to fail to meet world demand and the associated dramatic price increases that can be expected — is staggering,” the study says. “Without an aggressive alternative fuel production program, the U.S. economy could lose \$4.6 trillion in Gross Domestic Product and 40 million job years over employment if oil peaks in 2010.”

Currently the United States is at the whims of foreign oil and face serious risks, from competition of other world markets and disruptions from terrorism and natural disasters.

According to the study, there is an answer.

That answer is alternative fuels from coal-to-liquid facilities, biomass plants and oil shale companies.

“We have more coal in the United States than there is oil in the Middle East,” Regnery said in East Dubuque.

According to the study, that oil is one of the keys to producing a cost effective alternative fuel source.

Rentech plans to convert the coal into diesel fuel and jet fuel at both the Rentech Midwest plant in East Dubuque and at the Rentech South plant in Adams County.

Officials hope the Natchez Rentech plant will be in operation in 2011. The plant expects to produce between 10,000 and 20,000 barrels a day of fuel.

The American Energy Security Study compared the cost of producing fuel from coal-to-liquid technology to the cost of producing oil from foreign sources and found that producing fuel using the CTL process becomes cost effective when the cost of diesel exceeds \$55 a barrel.

That is a conservative figure, Regnery said.

“As long as (crude oil) doesn’t dip below \$40 to \$45 we feel confident about our return,” he said.

If the recommendations of the study are followed the Southern States Energy Board predicts that the United States can eliminate approximately 5 percent of foreign oil imports per year for 20 years, beginning in 2010 with oil imports eliminated entirely by 2030.

“We control our destiny,” John Deisch, plant manager for Rentech Midwest, told local leaders in East Dubuque.

A copy of the full report and other additional information are available on the Web at www.americanenergysecurity.org.