

DTE Energy Expands Its Nationwide Renewable Portfolio With Plans to Convert California Coal Plant to Biomass

Nov 8, 2010

BAKERSFIELD, Calif. – DTE Energy Services (DTEES) is acquiring a significant interest in the 49.5-megawatt Mt. Poso Cogeneration Company power plant near Bakersfield. DTEES will operate the plant and co-lead its conversion to operate on 100 percent biomass fuel, primarily wood fuel derived from urban wood waste, tree trimmings and agricultural residues.

One of Mt. Poso's three current partners, a subsidiary of Macpherson Oil Company, will increase its ownership position and continue to have a management interest. The Santa Monica, California based company has been an owner of the facility since 1987 and operator of the adjacent West Mt Poso Oil Field since 1981.

The other two partners, Northern Star Generation LLC and Red Hawk Energy, both of whom have been instrumental in developing the biomass conversion project, are selling their interests

DTEES has completed a similar biomass conversion in Cassville, Wis. and has another under way in Stockton, Calif. The company also operates biomass power plants in Woodland, Calif. and Mobile, Ala.

DTEES, headquartered in Ann Arbor, Mich., acquires, develops, builds, owns and operates projects for large, energy-intensive industrial customers. The company is a subsidiary of DTE Energy, a diversified energy company involved in the development and management of energy-related businesses and services nationwide, with operations in 26 states.

“We are excited to have the opportunity to acquire an interest in the Mt. Poso plant and to convert into a 100-percent renewable power source,” said DTEES Vice President Steve Sorrentino. “The plant already is a leader in protecting the environment, and this conversion will build on that legacy and extend it.”

The Mt. Poso plant began operation in 1989 and it employs the best available control technologies to minimize air emissions, uses no potable water (water supply comes from the Mt. Poso oil field), and maintains zero discharge of solid and liquid wastes.

The plant currently operates on a blend of coal, petroleum coke and tire-derived fuel. Operating on biomass fuel, the plant will produce about 44 megawatts of power, enough to supply the electricity needs of about 45,000 homes.

Following the conversion, the plant will provide power to PG&E under a long-term renewable power purchase agreement. The plant will help PG&E meet California's 33-percent renewable power requirement.

Sorrentino said conversion of the facility to burn renewable biomass is under way and is expected to be complete in 2012.

The conversion will employ approximately 90 construction workers at peak. Permanent employment at the plant will increase from 28 today to 38 when the conversion is complete. In addition, the project will create additional jobs and business activity through agreements with fuel suppliers and other companies that will provide services to the plant.

Sorrentino said DTEES hopes to identify additional coal-to-biomass conversion opportunities nationwide.

SOURCE DTE Energy Services