

Waste-to-Ethanol venture attracts investors

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In a deal announced on Wednesday, Enerkem Inc., a Quebec waste-to-ethanol processor, has raised \$51.5 million from a syndicate of investors that includes the landfill and garbage-hauling giant Waste Management of Houston.

This is the second substantial cash infusion for the company, which secured a \$50 million Department of Energy clean-tech grant in December.

Enerkem has developed a gasification process that transforms post-recycled municipal solid waste into a synthesis gas that is then cleaned and refined into ethanol, methanol and acetate. The company has a 25-year deal with the City of Edmonton under which Enerkem will reprocess 100,000 tons of shredded trash annually at a plant to be built next year.

An identical bio-refinery is being constructed in Pontotoc, Miss., for the Three Rivers Solid Waste Authority. It will process 300 tons of waste each day and produce 10 million gallons of ethanol a year.

Both sites serve regions that are running out of landfill capacity and are situated near refinery hubs (Fort Saskatchewan, outside Edmonton, and the Gulf Coast, respectively).

In Edmonton, the city pays Enerkem to take away the trash, and the company also has retained the right to sell the ethanol to local refineries so it can be blended with gasoline.

The other venture capital firms with a stake in the investment announced were assembled by Morgan Stanley and include Rho Ventures, Braemar Energy Ventures, BDR Capital and Cycle Capital.

But the interest from Waste Management, which operates landfills in both regions, is a sign that large garbage-hauling firms are actively looking to tap the opportunities created by biofuel technologies, said Enerkem's chief executive, Vincent Chornet. "The biofuel players of tomorrow won't be conventional petrochemical players," he said.

Tim Cesarek, Waste Management's managing director for organic growth, said the deal complements the firm's recycling and waste-to-energy activities. The company wants to double its renewable energy production by 2020.

Mr. Chornet said other second-generation ethanol firms had reprocessed fiber-based waste into ethanol, but no others used mixed industrial or consumer waste that could not be sold to recycling companies.

Enerkem has operated such a plant in Westbury, Quebec, since last year as a commercial-scale pilot; it uses discarded wooden utility poles. The Westbury plant is the first of its kind in the world, the company says, and will produce 1.3 million gallons of ethanol annually.

Enerkem has also had inquiries from about half a dozen other municipalities since the Department of Energy grant but has chosen to proceed cautiously to prove that its technology can operate at the scale required for large waste management operations. "We have been very focused since the start," Mr. Chornet said. "We want to be careful."

Fonte: New York Times, New York, Feb. 24th 2010, Energy & Environment, online.