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Biomass Power Louisiana Signs Engagement Letter for Pellet Plant

Katie Fletcher

Biomass Power Louisiana LLC, a subsidiary of Biomass Secure Power Inc., moves forward with the financing of its biomass wood pellet plant in Natchitoches, Louisiana, with a signature on a non-binding engagement letter. Under the letter, an underwriter will conduct a proposed public offering of tax-exempt bonds, notes or other debt securities totaling up to \$184 million. The offering will go towards the acquisition, construction, equipping and development of the plant.

Jim Carroll, president and CEO of Biomass Secure Power, said the signing lets their shareholders know they are moving forward with the project. The engagement letter is subject to the completion of a due diligence review by the underwriter and the execution of a definitive agreement by the parties. The company must also draft and file a registration statement with the U.S. Securities and Exchange Commission, which the SEC will have to declare effective before the offering can be obtained by Biomass Power Louisiana. In July, Biomass Magazine reported the company received approval of a notice of intent to lease 75 acres of land to build the proposed pellet plant within the confines of the Port of Natchitoches. The lease agreement has been executed and the company has moved on with securing financing—another step closer to groundbreaking. A ceremonial groundbreaking is expected to occur in October of this year with actual groundbreaking in mid-January 2015 according to Carroll.

The plant is being built out in two phases, each with a total capacity of 1.6 million tons per year of white wood pellets. NPlusA2 & I2 grade will be the standard run of pellets at the plant, and ENPlusA1, I1 & I3 will be available on request. The company will be sourcing woody biomass from numerous, potential suppliers with a focus on sourcing sustainably. “The materials that we are getting are coming from lands that are managed well, replanted after harvested and operated on in a sustainable manner,” Carroll said. “We are using basically the pulpwood cull, treetops, branches, and there is sufficient fiber in the area to support our plant.” The sub-tropical forest with intermodal connections to the plant site averages 15 tons per hectare per year of fiber growth, with current growth running at about 60 percent of the total wood fiber supply.

Biomass Power Secure is ensuring their wood supply is of high quality and environmentally sustainable by meeting stringent Renewable Obligation Certificate requirements and having their system administered under the chain of custody standard of the Forest Stewardship Council, the Sustainable Forestry Initiative and the Program for the Endorsement of Forest Certification schemes Annex 4.

One example is the fiber tracking system. “We’ll be able to track where the material is coming from and verify that it is coming from sustainable sources—from the bush all the way to the finished product,” Carroll said. After the biomass is





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sourced and pelletized, the pellet plant site is designed to store two batches of 40,000 tons each in a dedicated storage building. Pellets that enter storage will be tested in accordance with the required shipping standard. The facility will sieve, weigh and test the temperature, moisture and density of the pellets, which are then placed on the belt of a pipe conveyor that transfers pellets at the rate of about 2,000 tons per hour to a barge loader. After being moved to the barges the pellets are ready for transfer to the Port of New Orleans where they will be loaded into the holds of Panamax bulk carriers. The pellets are anticipated to be shipped to power producers in Europe and Asia. The company is focused, for now, on the approaching groundbreaking. “We’re proceeding with our plans and we’re looking forward to breaking ground,” Carroll said.

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