Traxys Considers Expanding the Renewable Power Business

Traxys is a global raw material marketing and sourcing firm specializing in base metals and concentrates, minor and alloying metals, industrial minerals and chemicals, materials for steel mills and foundries, and carbon products. It holds investments in various mining operations around the world and operates both coal handling facilities and power generation assets in the U.S. The company has 21 offices worldwide and in 2008 posted revenue of $4.5 billion.

The Traxys Power Division is located in the Upper Peninsula of Michigan. The Group operates a 40-megawatt coal plant in White Pine and a 20-megawatt plant in L'Anse, MI. The L'Anse facility is a biomass plant that burns over 400 tons of waste wood per day, supplies "green" steam to neighboring industrial plant and is recognized as Michigan's first biomass green plant since Governor Granholm passed the "Renewable Energy Portfolio and Energy Efficiency Act" in 2008.

Mike Reid, Vice President of Traxys' Power Division, indicated that Traxys is interested in expanding its green business to 115 megawatts using four different sites located across the Upper Peninsula. According to Reid, "It makes good sense to take idled existing coal plants and convert them to biomass, since wood is such an abundant resource in the Upper Peninsula. Biomass power is the most reliable source of renewable energy with an 85% dispatchable rate, compared to wind and solar power, which are 30-40% dispatchable".

- The 40-megawatt plant in White Pine will be converted from coal to biomass using the existing infrastructure. The engineering prefeasibility study is underway and environmental permitting will be submitted in early January 2010.

WPEP photo

- The L'Anse Warden site is already operational and is supplying 20-megawatts of green energy and steam on a daily basis.

LWEC Photo

- Ninety minutes to the west of L'Anse is the Sawyer site, which sits on 23 acres. It is planned that Sawyer would be is a 30-megawatt plant with 50,000 pounds per hour of green steam and is in final engineering and permitting.

SEC photo

- Escanaba; Traxys and the City of Escanaba are in exclusive negotiations for the purchase of the existing coal plant that would be converted to 25-megawatts of biomass.

EEC photo

The combined plants will use about 800,000 tons per year of biomass utilizing a combination of open loop and closed loop biomass. Closed loop biomass is agricultural product grown with the specific intent of being burned for energy consumption and the ash from the wood is returned to the field for fertilizer; open loop wood consists of waste wood and wood bi-product materials.

Traxys Power Division has about 40-acres of hybrid willow and poplar closed loop material growing in Skandia and White Pine. The test plots will yield about 25 tons per acre of biomass on a 4 year rotation. Reid says this is an opportunity to take unproductive, abundant farmland and utilize it for cash crops, specifically biomass. In full production, it is the goal of Traxys to have 10,000 acres under management.

Willow photo

The capital expenditure of the plants would be approximately $120 million with an 18 to 20-month construction period and would require over 200 tradespersons to build the facilities. Once commissioned and running, the Traxys Power Division would directly employ over 100 people to run the plants, as well as create an additional 100 to 125 spinoff jobs with the aggregation of the open loop and closed loop fuel needed to fuel the plants.

The Traxys Power Division is in the process of securing long term green energy supply agreements supplemented by 15-year fuel agreements. Reid commented," With those agreements in place, the Upper Peninsula of Michigan will see many jobs created in construction, farming and the trucking of the fuels needed to supply the plants".