

## Energy Dept. offers \$2B loan to La. carbon-storage project

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In this April 1, 2016 file photo, Energy Secretary Ernest Moniz speaks at the Nuclear Security Summit in Washington. The Energy Department said Wednesday it is offering a conditional, \$2 billion loan guarantee to capture and store carbon dioxide at a planned Louisiana methanol plant, a new element of the Obama's administration's strategy to slow global warming. (AP Photo/J. Scott Applewhite)

The Energy Department said Wednesday it is offering a conditional, \$2 billion loan guarantee to capture and store carbon dioxide at a planned Louisiana methanol plant, the latest element of President Barack Obama's strategy to slow global warming.

The Lake Charles Methanol plant will use petroleum coke, a byproduct of oil refining, to make methanol, a chemical used in products such as paint, glue, plastics and formaldehyde.

The captured carbon dioxide will be piped to oil fields in Texas, where it will be used to speed up oil production.

The loan guarantee is the first to be offered under an advanced energy program to help promising technologies that are unable to secure private investors.

Energy Secretary Ernest Moniz called the loan commitment a milestone in federal efforts to capture and store carbon pollution, a key driver of global warming.

Moniz called the Lake Charles project "a big step forward" for economic development and carbon capture, an emerging technology that has so far failed to live up to its promise.

The loan guarantee is among a number of steps the administration has taken in recent weeks as Obama seeks to protect his environmental legacy before President-elect Donald Trump takes office next month.

Obama on Tuesday designated the bulk of U.S.-owned waters in the Arctic Ocean and certain areas in the Atlantic Ocean as indefinitely off limits to future oil and gas leasing. The administration also has completed regulations clamping down on oil companies that burn off natural gas on public lands and preventing coal-mining debris from being

dumped into nearby streams.

Meanwhile, the Army has delayed a decision on an oil pipeline to cross under a reservoir in North Dakota, saying it wants more study and tribal input.

The loan guarantee is likely to be more warmly received by Trump than previous actions by Obama. Carbon capture is a key component of so-called clean coal, a concept that has been embraced by Obama and Trump both.

The practice entails catching the carbon emissions from a coal plant or other source and injecting the gas underground for permanent storage or use in speeding oil production. If successful, carbon storage could allow continued burning of coal and other fossil fuels while releasing little of the heat-trapping gas that scientists say is the main cause of global warming.

Lake Charles Methanol expects to break ground next year on a \$3.8 billion plant in Lake Charles, Louisiana, 140 miles east of Houston.

Don Maley, the company's president and CEO, said in a statement that the Energy Department's expected loan guarantee "represents the commitment of the federal government to promote innovative, clean fossil-energy technologies" and allow the project to be completed.

The project is expected to create about 1,000 construction jobs and 500 permanent jobs. The plant will produce methanol, hydrogen, carbon dioxide and other chemicals from petcoke, a waste product from the refining of heavy crude oil.

Moniz said on a conference call Wednesday that he has had "cordial" conversations with former Texas Gov. Rick Perry, Trump's nominee for

energy secretary, but did not discuss the Lake Charles plant or other projects under consideration for Energy Department loans.

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