

Wabash River Integrated Methanol and Power Production from Clean Coal Technologies (IMPPCCT)

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Principal Authors: Doug Strickland
Albert Tsang

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Gasification Engineering Corporation
1000 Louisiana Street, Suite 3800
Houston, Texas 77002

and

Subcontractors: Air Products And Chemicals Inc., The Dow Chemical Company, Dow
Corning Corporation, Methanex Corporation, And Siemens-Westinghouse Power
Corporation

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ABSTRACT

The Wabash River Integrated Methanol and Power Production from Clean Coal Technologies (IMPPCCT) project is evaluating integrated electrical power generation and methanol production through clean coal technologies. The project is conducted by a multi-industry team lead by Gasification Engineering Corporation (GEC), and supported by Air Products and Chemicals, Inc., Dow Chemical Company, Dow Corning Corporation, Methanex Corporation, and Siemens Westinghouse Power Corporation. Three project phases are planned for execution over a three year period, including:

- I. Feasibility study and conceptual design for an integrated demonstration facility, and for fence-line commercial plants operated at Dow Chemical or Dow Corning chemical plant locations
- II. Research, development, and testing to define any technology gaps or critical design and integration issues
- III. Engineering design and financing plan to install an integrated commercial demonstration facility at the existing Wabash River Energy Limited (WREL) plant in West Terre Haute, Indiana.

This report describes management planning, work breakdown structure development, and feasibility study activities by the IMPPCCT consortium in support of the first project phase.

Project planning activities have been completed, and a project timeline and task list has been generated. Requirements for an economic model to evaluate the West Terre Haute implementation and for other commercial implementations are being defined. Specifications for methanol product and availability of local feedstocks for potential commercial embodiment plant sites have been defined.

The WREL facility is a project selected and co-funded under the fifth phase solicitation of the U.S. Department of Energy's Clean Coal Technology Program. In this project, coal and/or other solid fuel feedstocks are gasified in an oxygen-blown, entrained-flow

gasifier with continuous slag removal and a dry particulate removal system. The resulting product synthesis gas is used to fuel a combustion turbine generator whose exhaust is integrated with a heat recovery steam generator to drive a refurbished steam turbine generator. The gasifier uses technology initially developed by The Dow Chemical Company (the Destec Gasification Process), and now offered commercially by Global Energy, Inc., as the E-GAS™ technology.

In a joint effort with the U.S. Department of Energy, working under a Cooperative Agreement Award from the “Early Entrance Coproduction Plant” (EECP) initiative, the GEC and an Industrial Consortia are investigating the application of synthesis gas from the E-GAS™ technology to a coproduction environment to enhance the efficiency and productivity of solid fuel gasification combined cycle power plants.

The objectives of this effort are to determine the feasibility of an EECP located at a specific site which produces some combination of electric power (or heat), fuels, and/or chemicals from synthesis gas derived from coal, or, coal in combination with some other carbonaceous feedstock. The project’s intended result is to provide the necessary technical, economic, and environmental information that will be needed to move the EECP forward to detailed design, construction, and operation by industry.

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ACRONYMS AND DEFINITIONS

| Acronym | Description |
|---------|---|
| ASU | Air Separation Unit |
| BFW | Boiler Feed-Water |
| BGL | British Gas Lurgi |
| CEP | Commercial Embodiment Plant |
| CT | Combustion Turbine |
| CCT | Clean Coal Technologies |
| DOE | Department of Energy |
| EECP | Early Entrance Coproduction Plant |
| E-GAS™ | Title of Global Energy, Inc.'s Gasification Process |
| GEC | Gasification Engineering Corporation |
| GJ | Giga Joule |
| GPMEOH | Gas Phase Methanol |
| HHV | Higher Heating Value |
| HRSG | Heat Recovery Steam Generator |
| HTHRU | High Temperature Heat Recovery Unit |
| IGCC | Integrated Gasification Combined Cycle |
| IMPPCCT | Integrated Methanol and Power Production from Clean Coal Technologies |
| LGTI | Louisiana Gasification Technology Incorporated |
| LOX | Liquid Oxygen |
| LPMEOH™ | Liquid Phase Methanol (process) |

| Acronym | Description |
|----------------|--|
| MDEA | Methyl-Di-Ethanol Amine (solvent) |
| MMBtu | Million British Thermal Units |
| Mt | Metric Ton |
| MTPD | Metric Ton Per Day |
| MW | Mega Watt |
| NETL | National Energy Testing Laboratory |
| NOx | Oxides of Nitrogen (symbol) |
| O&M | Operating & Maintenance |
| PSE | Power Systems Engineering |
| RD&T | Research, Development & Testing |
| SFC | Synthetic Fuels Corporation |
| SWPC | Siemens Westinghouse Power Corporation |
| Syngas | Synthesis Gas |
| TPD | Tons Per Day |
| WBS | Work Breakdown Structure (activities) |
| WREL | Wabash River Energy Ltd. |

1.0 BACKGROUND

1.1 E-GAS™ Process Background

The Gasification Engineering Corporation (GEC) develops and markets the E-GAS™ coal gasification process that is utilized at the Wabash River Energy Ltd. (WREL) Facility in West Terre Haute, Indiana. The WREL facility is located at Cinergy Corporation's Wabash River Generating Station. GEC and WREL are wholly owned subsidiaries of Global Energy, Inc., headquartered in Cincinnati, Ohio.

The E-GAS™ process features an oxygen-blown, continuous-slugging, two-stage, entrained-flow gasifier, which uses natural gas for start-up. Coal or petroleum coke is milled with water in a rod-mill to form a slurry. The slurry is combined with oxygen in mixer nozzles and injected into the first stage of the gasifier, which operates at 2600°F and 400 psi. A turnkey, Air Liquide, 2,060-ton/day low-pressure cryogenic distillation facility that WREL owns and operates, supplies oxygen of 95% purity.

In the first stage, slurry fuel undergoes a partial oxidation reaction at temperatures high enough to bring the coal's ash above its melting point. The fluid ash falls through a taphole at the bottom of the first stage into a water quench, forming an inert vitreous slag. The synthesis gas produced by this reaction then flows to the second stage, where additional coal slurry is injected. This coal is pyrolyzed in an endothermic reaction with the hot synthesis gas to enhance the heating value of the synthesis gas and to improve overall efficiency of the process.

The synthesis gas then flows to the high-temperature heat-recovery unit (HTHRU), essentially a fire tube steam generator, to produce high-pressure saturated steam. After cooling in the HTHRU, particulates in the synthesis gas called char are removed in a hot/dry filter and recycled to the gasifier where the carbon content in the char is converted into synthesis gas. The synthesis gas is further cooled in a series of heat exchangers, is water scrubbed for chloride removal, and is passed through a catalyst,

which hydrolyzes carbonyl sulfide into hydrogen sulfide. Hydrogen sulfide is removed from the synthesis gas using a methyl-diethanol-based amine solvent in an absorber/stripper column process. The “sweet” synthesis gas is then moisturized, preheated, and piped over to the power block.

The key elements of the power block are the General Electric MS 7001 FA (GE 7 FA) high-temperature combustion turbine/generator, the heat recovery steam generator (HRSG), and the repowered steam turbine. The GE 7 FA is a dual-fuel turbine (synthesis gas for operations and No. 2 fuel oil for startup) that is capable of generating a nominal 192 MW when firing synthesis gas, about seven percent (7%) higher power production than the same turbine fired on natural gas. The enhanced power production is attributed to the increased mass flows associated with synthesis gas. Steam injection is used for control of nitrogen oxides (NO_x) within the combustion turbine. The required steam flow is minimal compared to that of conventional systems as the synthesis gas is moisturized at the gasification facility, by recovery of low-level heat in the process. The water consumed in this process is continuously made up at the power block by water treatment systems, which clarify and further treat the river water intake.

The HRSG for this project is a single-drum design capable of superheating 754,000 lb/hr of high-pressure steam at 1010°F, and 600,820 lb/hr of reheat steam at 1010°F when operating on design-basis synthesis gas. The HRSG configuration was specifically optimized to utilize both the gas-turbine exhaust energy and the heat energy made available in the gasification process. The nature of the gasification process in combination with the need for strict temperature and pressure control of the steam turbine led to a great deal of creative integration between the HRSG and the gasification facility. The repowered steam turbine produces 104 MW, which combines with the combustion turbine generator’s 192 MW and the system’s auxiliary load of approximately 34 MW to yield 262 MW (net) to the Cinergy grid.

The Air Separation Unit (ASU) provides oxygen and nitrogen for use in the gasification process, but is not an integral part of the plant thermal balance. The ASU uses services such as cooling water and steam from the gasification facilities and is operated from the gasification plant control room.

The gasification facility produces two commercial by-products during operation. Sulfur, which is ultimately removed as 99.99 percent pure elemental sulfur, is marketed to sulfur users. Slag is targeted as an aggregate in asphalt roads and as structural fill in various types of construction applications. In fact, the roads at the WREL facility have been top-coated with asphalt incorporating slag as the aggregate. Furthermore, at least two surrounding area sites have been audited, approved, and have used WREL generated slag as structural fill under the Solid Waste Management Rules of Indiana. Another beneficial use of the slag by-product is as a fluxing agent during petroleum coke operation as this feed is typically deficient in mineral content required for proper slag fusion and flow. For this use, WREL has retained a reserve supply of slag generated from coal gasification.

The E-GAS™ process flow diagram presented in Figure 1 illustrates the features and components described in the above text. In Table 1, the WREL production statistics are presented by year in both English and Metric units. In Table 2, the WREL thermal performance variables are compared to the process design basis for both coal and petroleum coke feedstocks.

Please refer to the listing in Section 8.1 of this report for additional information on the Wabash River Coal Gasification Plant.

Figure 1: E-GAS™ Process Flow Diagram

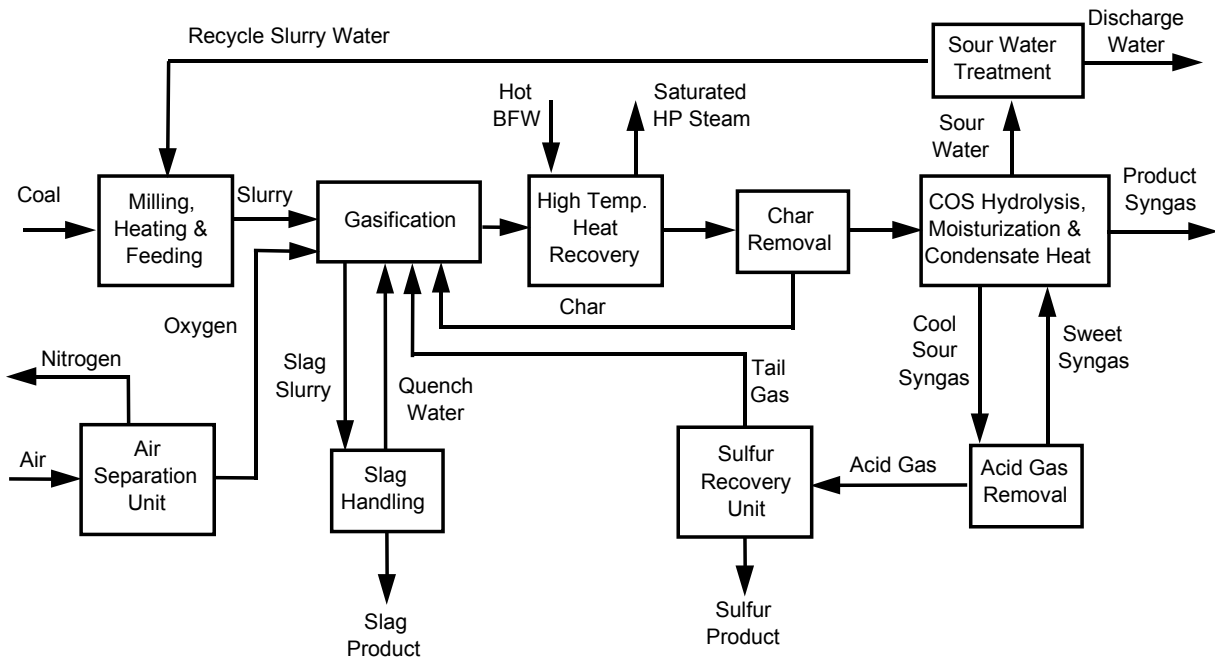


Table 1: WREL Gasification Production Statistics

| Production Variable | Production Year | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1996 | 1997 | 1998 | 1999 | 2000 |
| Gasifier Operation, Hrs | 1,902 | 3,885 | 5,279 | 3,496* | 3,406** |
| Dry Synthesis Gas Produced, GJ (MMBtu) | 2,922,015 (2,769,683) | 6,555,626 (6,213,864) | 9,316,716 (8,831,011) | 6,132,874 (5,813,151) | 5,497,588 (5,210,984) |
| Coal Processed, Mt (Tons) | 167,270 (184,381) | 356,368 (392,822) | 500,316 (551,495) | 335,538 (369,862) | 290,034 (319,703) |
| Longest Operating Campaign, (days) | 19 | 46 | 82 | 60 | 104 |

* Three months of production were lost to the GE 7FA compressor failure & repair.

** Three months of production were lost during commercial negotiations required when the WREL Facility transitioned to market-based operation.

Table 2: Overall Thermal Performance of Gasification at WREL

| Performance Feature | Design | Actual Performance | |
|----------------------------------|--------|--------------------|-------------------|
| | | Coal | Coke |
| Nominal Throughput, TPD | 2550 | 2450 | 2000 |
| Synthesis gas Capacity, MMBtu/hr | 1780 | 1690 [†] | 1690 [†] |
| Combustion Turbine, MW | 192 | 192 | 192 |
| Steam Turbine, MW | 105 | 96 | 96 |
| Aux. Power, MW | 35 | 36 | 36 |
| Net Generation, MW | 262 | 261 | 261 |
| Plant Efficiency, % (HHV) | 37.8 | 39.7 | 40.2 |
| Sulfur Removal Efficiency, % | >98 | >99 | >99 |

[†] Synthesis gas capacity referenced for coal and petroleum coke are the actual quantities fed to the combustion turbine when 192 MW (100%) of power generation occurs.

1.2 EECP Background Information

The request for Cooperative Agreement Proposals under the “Early Entrance Coproduction Plant (EECP),” Solicitation Number DE-SC26-99FT40040 was issued on February 17, 1999, by the United States Department of Energy.

The objective of this effort is to determine the feasibility of an EECP located at a specific site which produces some combination of electric power (or heat), fuels, and/or

chemicals from synthesis gas derived from coal, or, coal in combination with some other carbonaceous feedstock. The scope of this effort includes:

- a. Market analysis to define site-specific product requirements (i.e. products needed by market, market size, and price), process economics, feedstock availability and feedstock cost;
- b. System analysis to define feedstocks, feedstock preparation, conversion to synthesis gas, synthesis gas cleanup, and conversion of synthesis gas to market-identified products;
- c. Preliminary engineering design of the EECP facility;
- d. Preparation of a Research, Development, and Testing (RD&T) plan that addresses the technical uncertainties associated with eventual design, construction, and operation of the EECP;
- e. Implementation of RD&T plan;
- f. Revision of the preliminary engineering design; and
- g. Preparation of a project financing prospectus for obtaining private sector funding to perform the detailed design, construction, and operation of the EECP.

Efforts under Solicitation No. DE-SC26-99FT40040, must support an EECP that at a minimum:

1. Is a single-train facility of sufficient size to permit scaling to commercial size with minimal technical risk;
2. Provides the capability of processing multiple feedstocks (must be capable of processing coal) and producing more than one product;
3. Is undertaken by an industrial consortia;
4. Reduces risk such that future coproduction plants may be deployed with no government assistance; and
5. Meets or exceeds environmental requirements and discusses the issue of carbon dioxide reduction by one or more routes, which include mitigation, utilization, and sequestration.

Using a focused RD&T Plan, the EECF project will enhance the development and commercial acceptance of coproduction technology that produces high-value products, particularly those that are critical to our domestic chemical, fuel, and power requirements. The proposed project will resolve critical knowledge and technology gaps on the integration of gasification and downstream processing to co-produce some combination of power, fuels and chemicals from coal and other carbonaceous feedstocks. The project's intended result is to provide the necessary technical, economic, and environmental information that will be needed to move the EECF forward to detailed design, construction, and operation by industry.

2.0 INTRODUCTION

The Wabash River Integrated Methanol and Power Production from Clean Coal Technologies (IMPPCCT) project is a \$4.92 million cooperative agreement between the United States Department of Energy (DOE) and the Gasification Engineering Corporation (GEC) to evaluate the integration of gasification-based electrical generation and methanol production processes to determine the economic and technical feasibility of power/chemicals coproduction. A multi-industry team led by GEC and consisting of Air Products & Chemicals, Inc., Dow Chemical Company, Dow Corning Corporation, Methanex Corporation, and Siemens Westinghouse Power Corporation will perform the IMPPCCT study.

The consortium for the Wabash River IMPPCCT plans to analyze and develop a concept of methanol and power production based on GEC's E-GASTM Gasification Process utilizing coal and other feedstocks. In a 3-Phase, 36-month project, this team plans to review and fully analyze the domestic methanol market, examine the criteria needed and develop a robust financial model to study the economics of full-scale implementation of this gasification-methanol coproduction concept. Potential Dow Chemical and Dow Corning sites for the commercial embodiment plant will be examined. Feasibility studies, testing and engineering, and financing of IMPPCCT

based on addition of methanol production facilities at the Wabash River Energy Limited (WREL) Gasification Plant in West Terre Haute, Indiana will be developed to enable the commercialization of the gasification-methanol production concept.

The vision of this project is to demonstrate the commercial viability of producing electric power, process energy (steam), and chemicals (methanol) from coal and other hydrocarbon feedstocks to satisfy the demands of at least two types and corresponding sizes of host chemical complexes. An efficient, low capital, integrated facility will convert the feedstock initially to synthesis gas and ultimately to electric power, process energy, and methanol with a series of reliable, commercially proven, and environmentally sound unit operations. The chemical products, required process energy, and at least a portion of the electric power will be delivered to the host chemical complex for further conversion to higher value products. Any products in excess of the requirements of the host chemical complex will be sold through readily accessible distribution networks. The commercial embodiment will be technically verified from the IMPPCCT demonstration and commercially verified by economic model and project financing prospectus.

3.0 EXECUTIVE SUMMARY

The Wabash River Energy Limited (WREL) facility is a project selected and co-funded under Round IV of the U.S. Department of Energy's Clean Coal Technology Program. In this project, coal and/or other solid fuel feedstocks are gasified in an oxygen-blown, entrained-flow gasifier with continuous slag removal and a dry particulate removal system. The resulting product synthesis gas is used to fuel a combustion turbine generator whose exhaust is integrated with a heat recovery steam generator to drive a refurbished steam turbine generator. The gasifier uses technology initially developed by The Dow Chemical Company (the Destec Gasification Process), and now offered commercially by Global Energy, Inc., as the E-GAS™ technology.

The project demonstration was completed in December 1999, having achieved all of its objectives. The facility built for this project is located at Cinergy Corporation's Wabash River Generating Station near West Terre Haute, Indiana.

The WREL project successfully demonstrated commercial application of the E-GAS™ coal gasification technology in conjunction with power generation. Operating time exceeds 18,000 hours, with over 5 million MWh of power produced. The combustion turbine generates 192 MWe and the repowered steam turbine generates 104 MWe. With the system's parasitic load of 34 MWe, net power production is 262 MWe, which meets the target goal. The plant operates successfully on baseload dispatch in the Cinergy power grid, and continues to operate as a privately owned facility providing power to Cinergy.

Gasification is an environmentally superior means of utilizing domestic coal resources for power production. It also offers the opportunity to use lower quality, less expensive feedstocks such as petroleum coke. Petroleum coke operation was tested and has been commercially demonstrated at the WREL Facility since August of 2000, resulting in over 3300 hours of operational experience.

Sulfur removal from the gasifier's solid feed is recovered and sold, as is the slag byproduct. Sulfur removal exceeds 97%, resulting in SO_x emissions of 0.1 lb / million Btu, which is far below regulatory requirements of 1.2 lb / million Btu. Particulate emissions are less than the detectable limit and NO_x emissions are 0.15 lb/million Btu, which meets the current target for coal-fired power generation plants. The WREL Facility is one of the cleanest, if not the cleanest, solid fuel-based power plants in the world.

In a joint effort with the U.S. Department of Energy (DOE), a Cooperative Agreement was awarded under the "Early Entrance Coproduction Plant" (EECP) Solicitation to Gasification Engineering Corporation (GEC). An Industrial Consortia is investigating the use of synthesis gas produced by the E-GAS™ technology in a coproduction environment to enhance the efficiency and productivity of solid fuel gasification combined cycle plants.

The objectives of this effort are to determine the feasibility of an EECP located at a specific site which produces some combination of electric power (or heat), fuels, and/or chemicals from synthesis gas derived from coal, or, coal in combination with some other carbonaceous feedstock. The project's intended result is to provide the necessary technical, economic, and environmental information that will be needed to move the EECP forward to detailed design, construction, and operation by industry.

On October 7, 1999, the GEC signed the Cooperative Agreement with the DOE and began working on non-disclosure and engineering service agreements with the consortium subcontractors.

For the reporting period, activities were limited to development of the Project Management Plan and Initial Feasibility Study work. Early Feasibility Study work is focused on concept definition, development, technical assessment, and economic considerations for adding methanol production capability to the coal gasification plant at

the WREL facility in West Terre Haute, Indiana. This implementation called IMPPCCT for Integrated Methanol and Power Production from Clean Coal Technologies includes the scope necessary to incorporate such capability to the plant's existing gas cleanup and combined cycle power generation systems.

On December 1, 1999, members of the consortium and GEC discussed the project and technology overview including summaries of the phased approach, schedule, and spending profile with the DOE in a project kick-off presentation.

In mid-December, 1999, the consortium met to outline the project and modeling execution strategies. In addition, frameworks of the work breakdown structure and task schedules defining scope of deliverables were discussed and is being developed to govern work in all phases.

Regarding the Initial Feasibility Study, preliminary concept definition was complete with the adoption of a product specification for co-produced methanol. In addition several likely gasification feedstocks were identified and evaluated, resulting in the generation of a preliminary mass and energy balance for the gasification portion of the facility.

For the period of reporting, a total of two and three-tenths percent (2.3%) of the authorized Phase I funding (\$1,546,902) was spent.

4.0 ACTIVITIES

4.1 Contractual Activities

On October 7, 1999, the GEC signed the Cooperative Agreement, Instrument Number DE-FC26-99FT40659, with the DOE. After execution, GEC notified all subcontractors of award status and began working on non-disclosure and engineering service agreements (subcontracts) in an effort to assemble and mobilize the consortium.

GEC, as the potential host for the IMPPCCT / EECP implementation and the “E-GAS” technology owner, acts as the prime contractor under the Cooperative Agreement with the DOE. The engineering service agreements between GEC as prime contractor and all industrial subcontractors are being structured to mirror the requirements of the Cooperative Agreement between DOE and GEC.

The other consortium members, Air Products and Chemicals Inc., The Dow Chemical Company, Dow Corning Corporation, Methanex Corporation, and Siemens Westinghouse Power Corporation, have all agreed to execute engineering service agreements with GEC pending approval of subcontractor status from DOE.

Each subcontract includes language outlining responsibility for work scope performance and accountability for the participant-funded cost share with respect to the terms and conditions that will be identical to the Cooperative Agreement. Each sub-contractor has provided a letter of intent to GEC, confirming their agreement for this subcontract arrangement.

With the purpose of mobilizing all subcontractors and In lieu of executed subcontract arrangements, letters of Limited Notice to Proceed were issued to the commercial representatives for each industrial partner in the consortium on November 1, 1999.

The subcontract documents will also provide for periodic progress reports related to the technical progress and project management issues from each subcontractor to GEC. The team members from each consortium company will manage their own work internal to their respective organization.

4.2 Project Planning Activity

The feasibility study is initially focused on the technical and economic considerations for adding methanol production capability to the coal gasification plant at the WREL facility in West Terre Haute, Indiana. This implementation called IMPPCCT includes a scope of work sufficient to attach coproduction capability, more specifically, to the WREL plant's existing gas cleanup and combined cycle power generation systems.

In keeping with the focus for the feasibility study, several meetings were conducted between GEC and each subcontractor for the period spanning October 1 through November 29, 1999 via teleconference. These meetings were intended to provide agreement, definition, and direction for the lead and subordinate roles within the technology and economic modeling groups created to prosecute the two aspects of this study. Both groups worked jointly to identify and refine the tasks involved to complete each section of the Work Breakdown Structure (WBS) as identified in the Cooperative Agreement. In this cooperative effort, participants of the two-team arrangement refined the WBS to develop significant portions of the Project Management Plan.

While both the technology and economic modeling teams forged ahead with development of the Management Plan, future roles for each group were determined. Both groups would be assigned roles in concept definition, development, and technical assessment under the initial feasibility study. The technology team would endeavor to complete subsystem technical assessment and design, perform IMPPCCT site and environmental analyses, resolve integration issues and establish required research, development, and test plans as necessary for Phase II. The economic modeling team

would undertake development of a robust financial model, incorporating a comprehensive marketing assessment to complete the economic evaluation. The model will test the sensitivity of gasification to methanol/power coproduction plants to economic and production variables. The model is also expected to prove essential for completion of the preliminary Project Financing Plan.

On December 1, 1999, members of the consortium and GEC discussed the project and technology overview including summaries of the phased approach, schedule, spending profile, and integration challenges to the DOE in a project kick-off presentation (see Appendix 9.1). In addition, members of the consortium detailed historical perspective and future potential increases in market demand for methanol in the chemical industry for the production of formaldehyde, acetic acid, MTBE, ethylene, fuels, and other derivatives such as methyl chloride.

On December 15 through 17, 1999, the consortium met to finalize the project and modeling execution strategies developed during the October and November teleconferences. The established framework for the WBS was detailed into a comprehensive Phase I project timeline with task schedules and scope definition for all deliverables during meetings of the specified timeframe. All the inputs are being organized into a final publishable format. Additionally GEC submitted to the industrial consortium a draft of the Project Management Plan text for review and comment.

Continuing actions required to complete the Project Management Plan development include the generation of a budget by task, broken down by industrial participant. Action items were assigned to each consortium member to refine budgets from the proposal based on the fully defined task schedule and scope of deliverables.

4.3 Initial Feasibility Study Activity

While both the technology and economic modeling teams endeavored to finalize the Project Management Plan, the technology group initiated effort on the assigned concept definition development and technical assessment tasks associated with the Initial Feasibility Study.

Accomplishments in this area included development of a preliminary mass and energy balance and typical synthesis gas variation of Illinois basin coal and two typical petroleum coke feeds to the E-GAS™ gasifier. Utilizing these feed gas balances, the next phase of concept definition and development will require analysis of the coproduction potential of each feedstock when utilizing either the gas or liquid phase methanol processing units. Targeting developing the most advantaged IMPPCCT economics, Air Products will review the application of the LPMEOH™ Process while Methanex performs similar analysis of the gas phase methanol (GPMEOH) processing and purification systems to the E-GAS™ gasification process. Resulting from these reviews, a primary IMPPCCT feedstock and the preferred methanol synthesis production unit selections will take place.

Other activities centered on developing the most effective product specification for co-produced methanol from the WREL site. This effort though mainly prosecuted within the concept definition tasks is related to preliminary Marketing Assessment efforts and was facilitated by the economic modeling team. The team determined it vital to balance the most likely customer's specifications with a global marketing strategy to promote the most efficient coproduction process with flexibility to meet the larger market requirements. The effort resulted in the adoption of the Methanex "AA" grade methanol specification (see Appendix 9.2) as the requirement for IMPPCCT methanol coproduction.

5.0 RESULTS AND DISCUSSION

The consortium for the Wabash River IMPPCCT, led by GEC, and including Dow Corning Corporation, Dow Chemical Company, Air Products and Chemicals, Inc., Methanex Corporation, and Siemens Westinghouse Power Corporation, began to analyze and develop a concept of methanol and power production based on GEC's E-GAS™ gasification process utilizing coal and petroleum coke feedstocks. The team initiated efforts to analyze the domestic methanol market and examined other criteria needed to develop a robust financial model for full-scale implementation of this gasification-methanol coproduction concept. Feasibility studies, testing and engineering, and financing of an IMPPCCT based on addition of methanol production facilities at the WREL gasification plant in West Terre Haute, Indiana will be developed to enable the commercialization of the gasification to electric power and methanol production concept.

The technology and economic modeling teams successfully and exhaustively defined all tasks in the Work Breakdown Structure that will result in the development of the economic tools, design, and financial plan for the IMPPCCT EECF. Definition of all tasks under the WBS was established with development of a schedule and scope of deliverables to the DOE. Culmination of these efforts was the generation of a draft Project Management Plan. Continuing Project Management Plan development efforts will define the consortium budgets by task.

The team has completed initial efforts regarding concept definition and development for the IMPPCCT facility with the generation of preliminary mass and energy balances providing typical synthesis gas variation for the most likely feeds to the E-GAS™ gasifier. Illinois basin coal and two typical petroleum coke feeds were evaluated in this effort. Utilizing these feed gas balances, further concept definition and development will result from analysis of the coproduction potential of each feedstock when coupled with either the gas or liquid phase methanol processing units.

Initial feasibility studies concluded this reporting period with the development of a methanol product specification. Based on end-user requirements and a broad marketing strategy, the team adopted the Methanex “AA” grade methanol specification as the requirement for IMPPCCT methanol processing unit.

6.0 CONCLUSIONS

Phase I of the IMPPCCT EECF study was successfully launched through the Cooperative Agreement Award and via kick-off meetings conducted with the DOE and the industrial consortium during this reporting period. The draft Project Management Plan will be instrumental in governing the activities of modeling and technology teams through all phases of the project.

Phase I will be performed by all team members, GEC, Air Products, Methanex, Dow Corning, Siemens Westinghouse, and Dow Chemical. The Phase I focus is on development of the advanced economic model, analysis of the commercialization potential for the gasification to methanol/power coproduction concept for future Commercial Embodiment Plants (CEP), and preliminary engineering and environmental work for implementation of the methanol production addition at WREL for IMPPCCT demonstration. GEC will utilize the analysis of potential IMPPCCT feedstocks to the gasification section, develop a preliminary site layout, determine synthesis gas quantities available to IMPPCCT, assess final synthesis gas cleanup needs, provide the preliminary environmental assessment, review modifications and tie-ins to the existing infrastructure at IMPPCCT site, and work jointly with Air Products and Methanex to develop the most advantages IMPPCCT economics based on either liquid or gas phase methanol processing units. Air Products will review the application of the LPMEOH™ Process and methanol purification systems while Methanex performs similar analysis of the GPMEOH processing and purification systems.

7.0 FUTURE PLANS

During the next reporting period, the Project Management Plan will be completed, reviewed by all consortia members, and submitted to the DOE for approval. Roles for all members of the project organization will be finalized. A WBS for the project that results in development of the economic tools, design and financial basis for the EECP will be fully defined. All tasks will be identified and defined with budget, schedule and scope of deliverables. Probable cases for CEP will be identified and visualized.

The technology team will continue its effort in the concept definition development and technical assessment tasks associated with the initial feasibility study. The coproduction potential utilizing either the gas or liquid phase methanol processes will be further investigated. Resulting from these reviews, a preferred methanol synthesis production process will be selected.

8.0 REFERENCES

8.1 References on Wabash River Coal Gasification Plant

1. "Wabash River Coal Gasification Repowering Project, An Update", Department of Energy Topical Report No. 20, September 2000, summarizes the history of the Wabash River facility and its construction and four year demonstration under the DOE's Clean Coal Technology program.
<http://www.lanl.gov/projects/cctc/topicalreports/documents/topical20.pdf>
2. "Wabash River Coal Gasification Repowering Project Final Technical Report", August 2000, 358 pages. This is a very detailed look at the Wabash River facility and its operation 1995-1999.
http://www.lanl.gov/projects/cctc/resources/pdfs/wabsh/Final%20_Report.pdf
3. "DOE-Sponsored Wabash River Project Inducted Into Power Plant Hall of Fame"
<http://www.fetc.doe.gov/newsroom/index.html> (look down the index for the Above Title)
4. The Gasification Technology Council maintains a website (www.gasification.org) that includes a library of the papers presented at recent conferences. Papers presented by Global Energy, except as noted:
 - "Gasification of Petcoke using the E-GAS™ Technology at Wabash River", October 2000
<http://www.gasification.org/98GTC/Gtc00180.PDF>
 - "An Overview of the Past Year's Activities for the Wabash River Repowering Project", Oct 2000
<http://www.gasification.org/98GTC/Gtc00260.PDF>
 - "Wabash River in its Fourth Year of Commercial Operation", October 1999
<http://www.gasification.org/98GTC/gtc99010.pdf>
 - "Improved Performance of the "Destec" Gasifier", October 1999
<http://www.gasification.org/98GTC/gtc99140.pdf>

9.0 APENDICES

9.1 Presentation at Kick-Off Meeting by IMPPCCT team on 12/1/99

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Kick-off Meeting

By

Wabash River IMPPCCT Team

December 1, 1999

Pittsburgh, PA



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Agenda

- 12:30 p.m. Welcome/Introduction Brad Tomer
- 12:40 p.m. Project Overview Phil Amick
- 1:30 p.m. Technology Integration Issues Doug Benedict / Doug Strickland
- 2:00 p.m. Break
- 2:15 p.m. Methanol Market Consideration for Commercial Embodiments Mark Bearden
- 2:45 p.m. General Discussion

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Project Overview

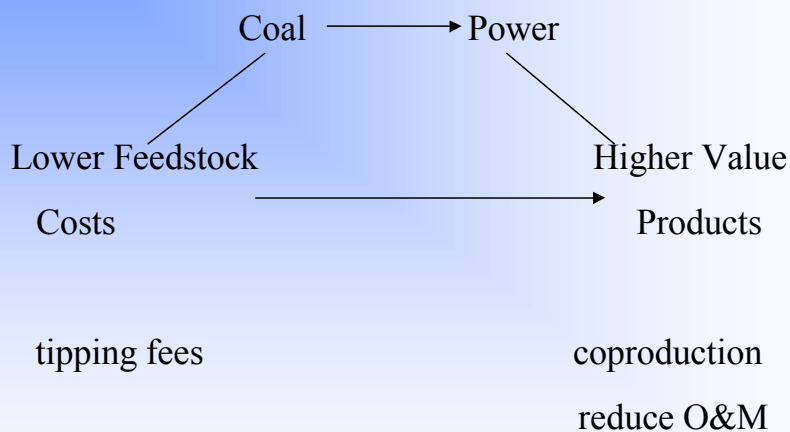
Phil Amick

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Project Overview

- Organization Chart Phil Amick
- Objective`s of Phases Phil Amick
- IGCC Technology Description Phil Amick
- Liquid Phase Methanol Technology Description Doug Benedict
- Modeling / Commercial Embodiment Mark Bearden
- Schedule / Milestones / Funding Tom Lynch

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

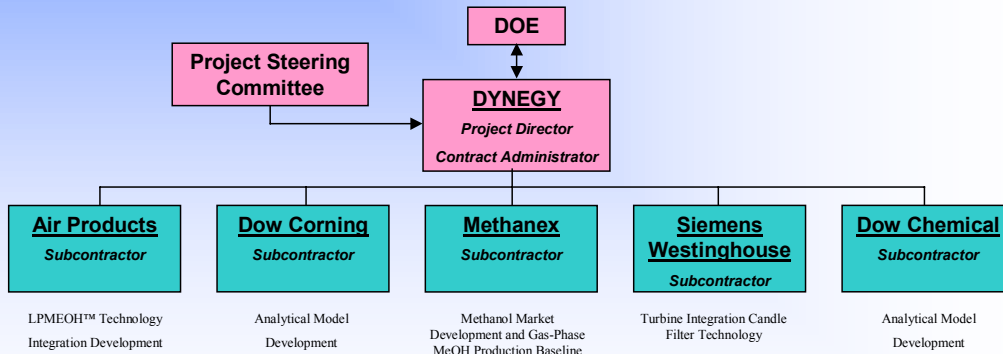
Project Overview

Organization Chart

Phil Amick

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Organization Chart



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Project Overview

Objective of Phases

Phil Amick

***Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies***

Objectives for Phases:

- Analyze and Develop a Concept for Methanol Production
- Complete a Feasibility Study for Wabash
- Evaluate Commercial Embodiment Plants
- Analyze the Domestic Methanol Markets
- Develop a Robust Financial Model

***Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies***

Project Overview

IGCC Technology Description

Phil Amick

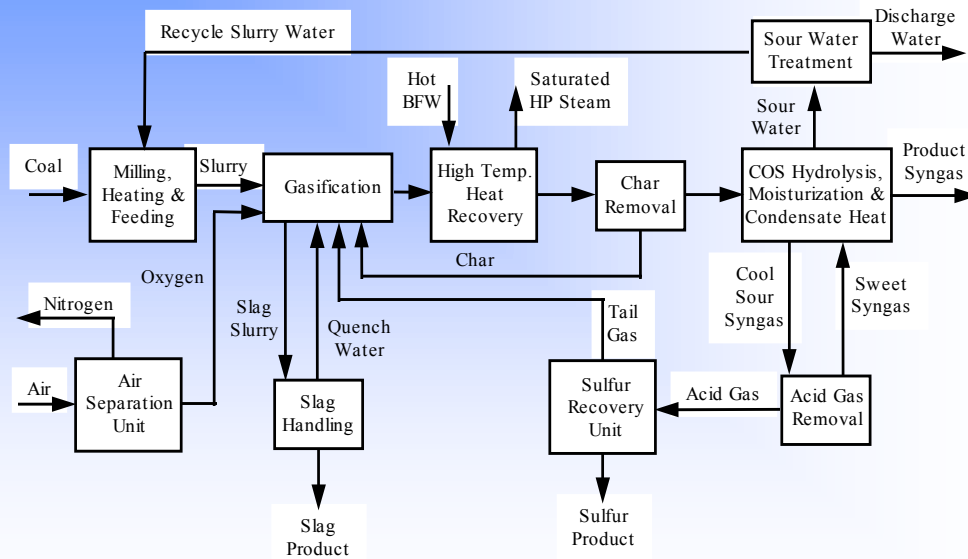
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

“DESTEC” GASIFICATION EXPERIENCE

| | | |
|-------------|----------|------|
| PILOT PLANT | 36 TPD | 1975 |
| PROTO 1 | 400 TPD | 1979 |
| PROTO 2 | 1600 TPD | 1983 |
| LGTI | 2400 TPD | 1987 |
| WABASH | 2550 TPD | 1995 |

Over 65000 hours hands on operations

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Coal Gasification Combined Cycle
State of the Art Plant
Wabash River

- 40% Thermal Efficiency (HHV)
- High sulfur feedstock utilization
- Over 70% availability last 2 years (syngas plant)
- Still the lowest capital cost coal IGCC built
- 30% reduction from Year One O&M budget

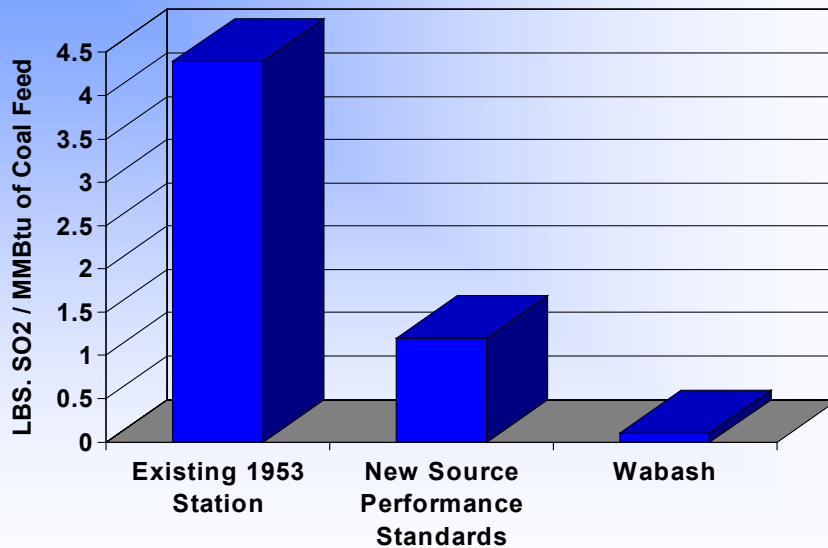
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Coal Gasification Combined Cycle
State of the Art Plant
Wabash River

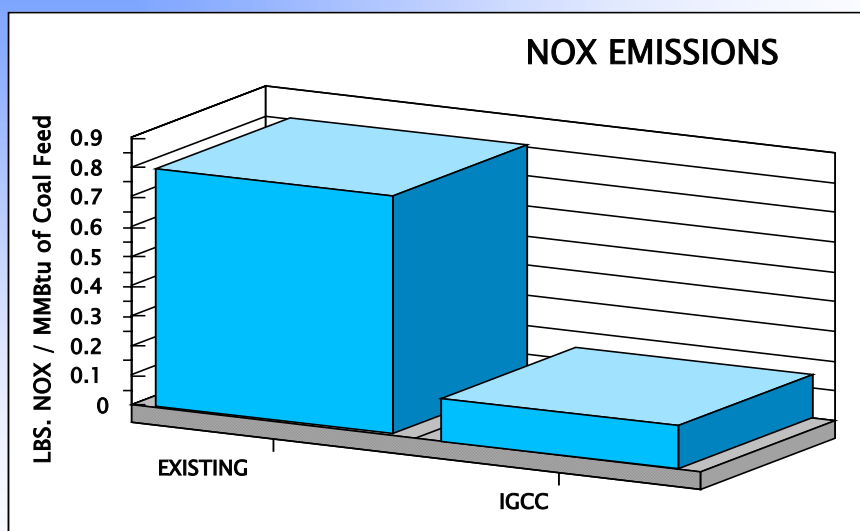
Cleanest Coal Fired Plant in the World

- With 3-6% S fuels, as low as 0.03 lb/MMBtu SO_x
- No particulate emissions, zero percent opacity
- Minimal wastewater
- No solid wastes
- NO_x same as NGCC (~ 12 ppm attainable)
- CO₂ improved by virtue of efficiency

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

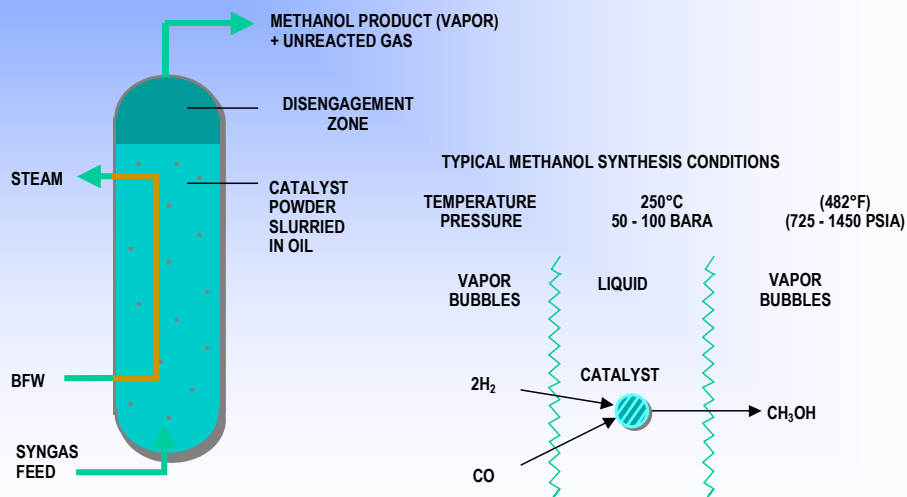
Project Overview

Liquid Methanol Technology Description

Doug Benedict

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

LPMEOH™ Reactor and Reaction Schematics



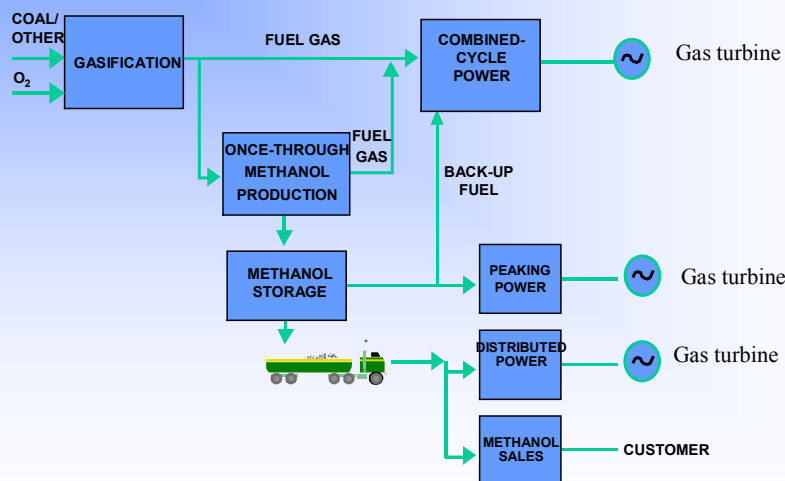
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

LPMEOH™ Technology Advantages

- Efficient Temperature Control / Heat Removal
 - Able to directly process syngas rich in carbon oxides
 - Eliminates need for shift reactor to provide balanced gas feed
- Robust Reactor Design
 - Suitable for rapid ramping, idling, and even extreme stop/start actions

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Once-through Methanol Coproduction with IGCC Electric Power



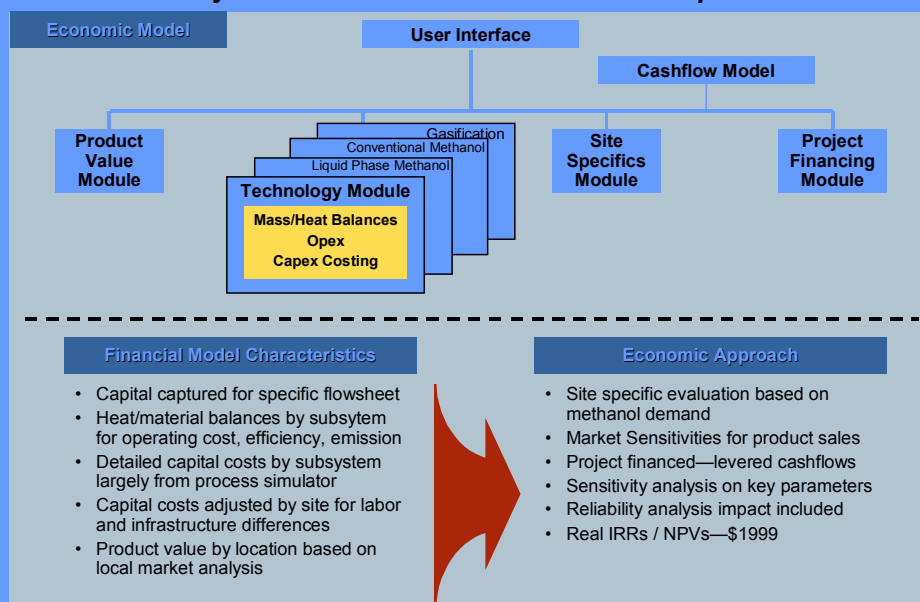
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Project Overview

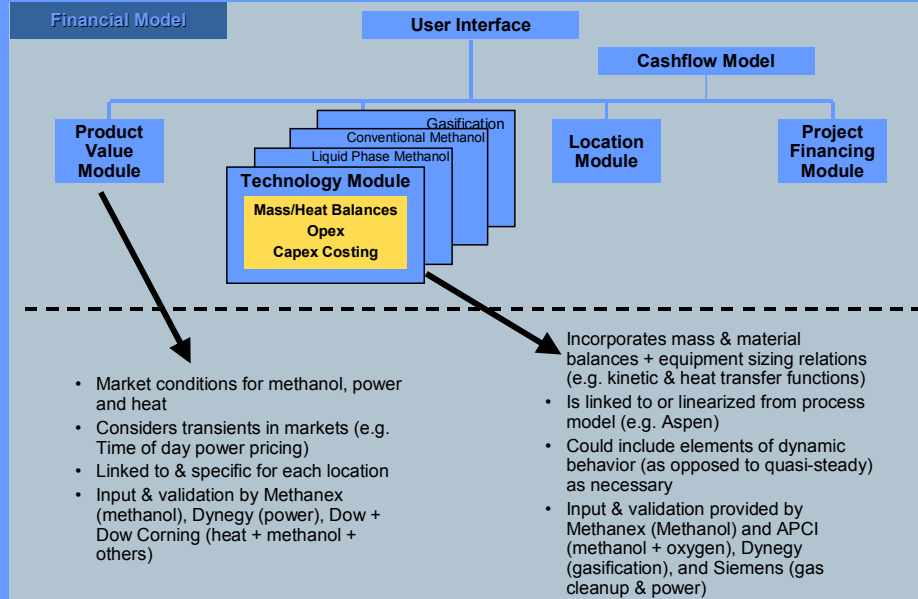
Modeling Approach

Mark Bearden

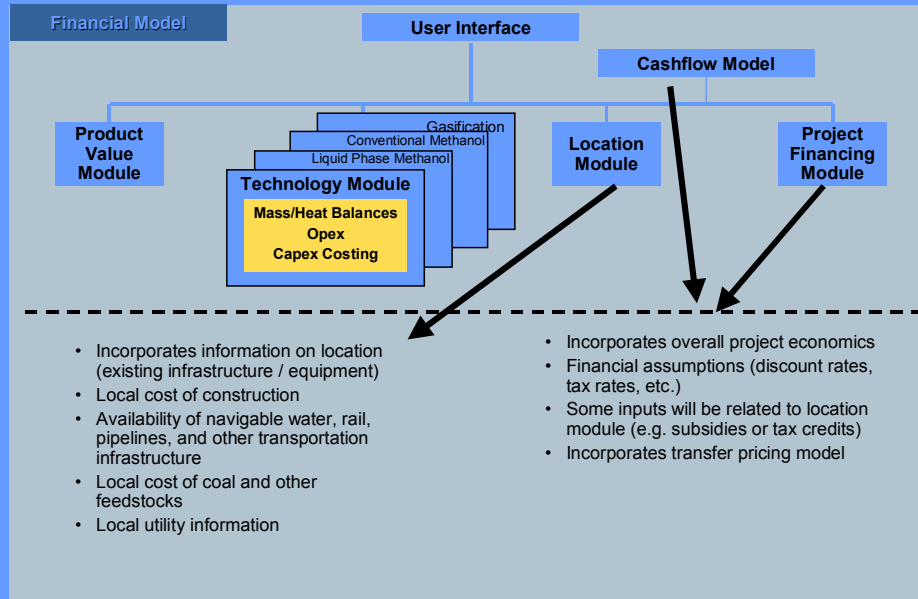
A comprehensive economic model will be developed to assess financial viability of the Commercial Embodiment at specific sites.



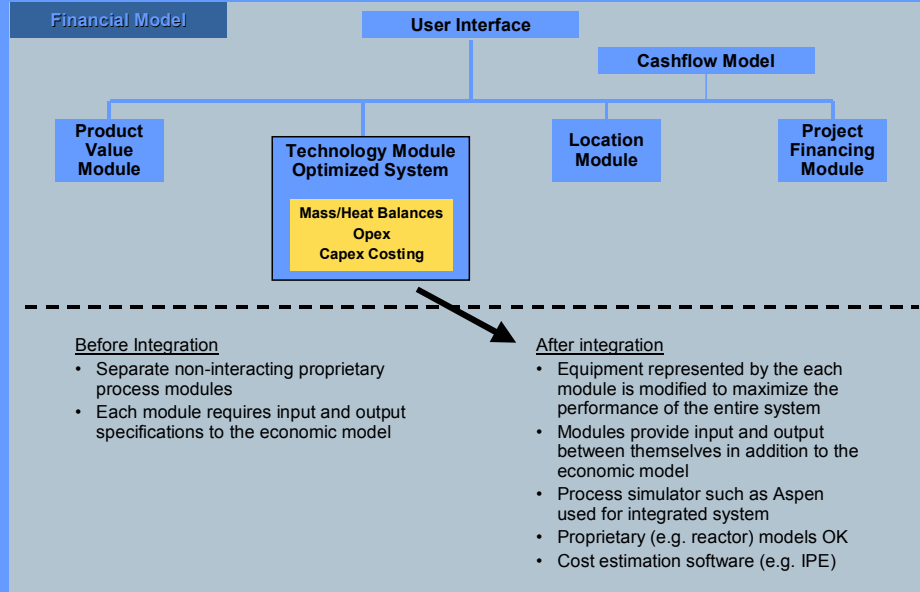
The cash-flow model is Excel™-based at the high level, and linked to more sophisticated submodels as appropriate.



The cash-flow model is Excel™-based at the high level, it is linked to more sophisticated submodels as appropriate.



Proprietary “black box” models comprise initial process flowsheets. Process integration will increase efficiency and reduce capital



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Project Overview

Schedule / Milestones / Funding

Tom Lynch

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Phase I

| Element Code | Reporting Element | Year | | | | | | | | | | | |
|--------------|--------------------------------|---------|-----|-----|---------|-----|---------|-----|-----|---------|-----|-----|-----|
| | | 2000 | | | | | | | | | | | |
| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| Task 1.1 | Project Plan | ◆—————▶ | | | | | | | | | | | |
| Task 1.2 | Initial Feasibility Report | | | | ◆—————◆ | | | | | | | | |
| Task 1.3 | Subsystem Technical Assessment | | | | | | ◆—————◆ | | | | | | |
| Task 1.4 | Subsystem Design Studies | | | | | | | | | ◆—————◆ | | | |
| Task 1.5 | Market Assessment | | | | | | ◆—————◆ | | | | | | |

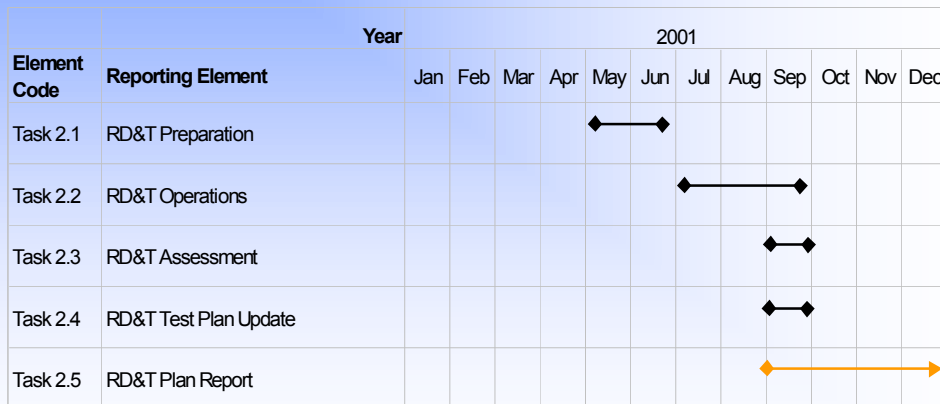
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Phase I Continued

| Element Code | Reporting Element | Year | | | | | | | | | | | | | |
|--------------|------------------------------------|------|-----|---------|---------|-----|-----|---------|------|---------|-----|-----|-----|--|--|
| | | 2000 | | | | | | | 2001 | | | | | | |
| | | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | | |
| Task 1.6 | Site Analysis | | | | ◆—————◆ | | | | | | | | | | |
| Task 1.7 | Environmental Assessment | | | | ◆—————◆ | | | | | | | | | | |
| Task 1.8 | Economic Assessment | | | ◆—————◆ | | | | | | | | | | | |
| Task 1.9 | Research, Development & Test Plans | | | | | | | ◆—————▶ | | | | | | | |
| Task 1.10 | Reliminary Project Financing Plan | | | | | | | ◆—————▶ | | | | | | | |
| Task 1.11 | Phase I Concept Report | | | | | | | | | ◆—————▶ | | | | | |

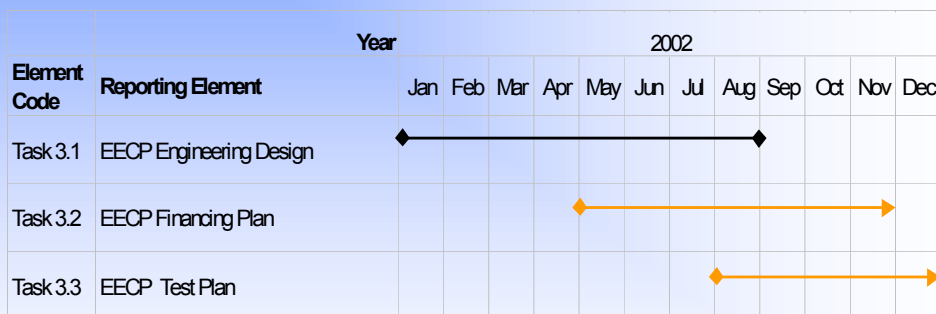
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Phase II



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Phase III



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Funding

| Budget Period | DOE Cost | Dynegy Power Corp. | Total | DOE Share | Recipient Share |
|----------------------|-----------------|---------------------------|--------------|------------------|------------------------|
| 1 | \$ 1,546,902 | \$ 386,726 | \$ 1,933,628 | 80% | 20% |
| 2 | \$ 1,003,810 | \$ 540,513 | \$ 1,544,323 | 65% | 35% |
| 3 | \$ 721,052 | \$ 721,052 | \$ 1,443,004 | 50% | 50% |
| Total | \$ 3,271,764 | \$ 1,648,291 | \$ 4,920,505 | | |

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

Doug Benedict / Doug Strickland

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

- Synthesis Gas Trace Contaminants: Identification, Concentration, & Removal
- Impact of Potentially Varied Gasification Feedstock
- Determination of Optimum Operating Pressure for LPMEOH™
- LPMEOH™ Turndown Ratio and Production Flexibility
- Energy Optimization via LPMEOH™ Waste Heat Recovery
- Gas Turbine Fuel Delivery Adaptation to LPMEOH™ Once Through Gas

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

Synthesis Gas Trace Contaminants: Identification, Concentration, & Removal

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Design Basis - Allowable Feed Gas Contaminants

| Contaminant | Maximum Allowable Concentration ⁺ (ppmv.) |
|---|--|
| Sulfur Components Any form (including H ₂ S, COS) | .06 |
| Total Halides Any form (including F, Cl, Br, I) | nil (1) |
| HCN | 0.01 |
| Iron (specifically as Fe(CO) ₅) | 0.01 |
| Nickel (specifically as Ni(CO) ₄) | 0.01 |

⁺ Instantaneous basis, as measured to the inlet of the LPMEOH™ Loop, prior to the addition of recycle gases from the LPMEOH™ reactor.

(1) Halides are a known catalyst poison. The impact of trace halide poisoning on catalyst performance is not quantified. It is expected that concentrations of up to 10 ppbv. could be tolerated.

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Syngas Trace Contaminants: Identification, Concentration and Removal

| Contaminant | Coal Feed | Petroleum Coke Feed | |
|--|----------------------------|-------------------------|----------------------------|
| | Illinois #6 Basin 11/98 | Mobil – Joliet 11/97 | Shell – Deer Park 09/99 |
| H ₂ S | 100.92 | 63.43 | 75.50 |
| COS | 30.03 | 24.40 | 15.60 |
| CH ₃ SH | 1.80 | 0.0 | 1.40 |
| CS ₂ | 0.10 | 0.71 | 0.28 |
| (CH ₃) ₂ S | 0.92 | 0.003 | 0.27 |
| (CH ₃) ₂ S ₂ | 0.00 | 0.0 | 0.0 |
| HCN | < 1 | < 1 | < 1 |
| Ni | < 9 ppbv | < 13 ppbv | < 3 ppbv |
| Fe | - | - | - |
| Group VII | < 1 ppbv | < 1 ppbv | < 1 ppbv |
| NH ₃ | < 1 | < 1 | < 1 |

Unless Noted, Indicated Values are Average Dry Volume PPM

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

Impact of Potentially Varied Gasification Feedstock

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Impact of Potentially Varied Feedstocks

| Contaminant | Coal Feed | Petroleum Coke Feed | |
|---------------------------------|----------------------------|-------------------------|----------------------------|
| | Illinois #6 Basin 11/98 | Mobil – Joliet 11/97 | Shell – Deer Park 09/99 |
| H ₂ | 32.93 | 33.33 | 32.30 |
| CO | 46.35 | 48.39 | 50.72 |
| CO ₂ | 15.76 | 15.25 | 13.61 |
| CH ₄ | 2.29 | 0.51 | 0.76 |
| N ₂ / Ar (Inerts) | 2.66 | 2.51 | 2.60 |

Indicated Values are Average Dry Volume%

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Feed Gas Compositions Tested at LaPorte

| VOL % | Texaco "CO-Rich" | Shell | Dynegy | Alt. CO-Rich | "Balanced" | Lurgi | "H ₂ - Rich" |
|-----------------|---------------------|----------|----------|-----------------|------------|----------|----------------------------|
| H ₂ | 35 | 32 | 41 | 37 | 55 | 60 | 71 |
| CO | 51 | 65 | 41 | 54 | 19 | 21 | 18 |
| CO ₂ | 13 | 2 | 16 | 8 | 5 | 1 | 7 |
| CH ₄ | - | - | - | - | - | 17 | - |
| N ₂ | <u>1</u> | <u>1</u> | <u>2</u> | <u>1</u> | <u>21</u> | <u>1</u> | <u>4</u> |
| | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

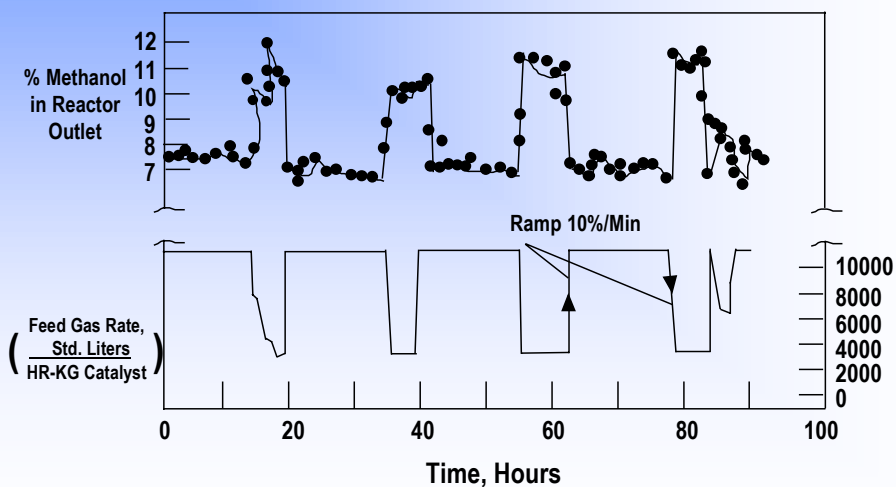
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December 1, 1999

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

LaPorte LPMEOH™ Load Following Test



Wabash River IMPPCCT Team

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December 1, 1999

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

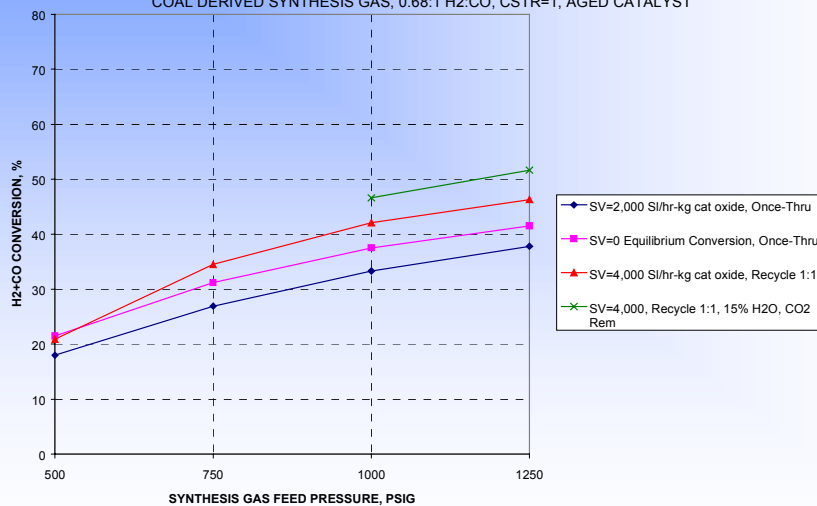
Technology Integration Issues

Determination of Optimum Operating Pressure for LPMEOH™

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Figure 4 COAL SYNTHESIS GAS CONVERSION VS PRESSURE

COAL DERIVED SYNTHESIS GAS, 0.68:1 H₂:CO, CSTR=1, AGED CATALYST



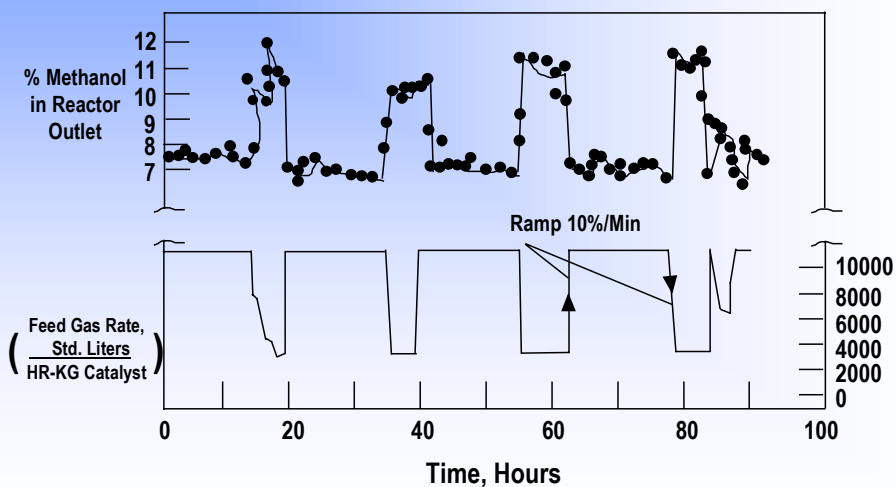
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

LPMEOH™ Turndown Ratio and Production Flexibility

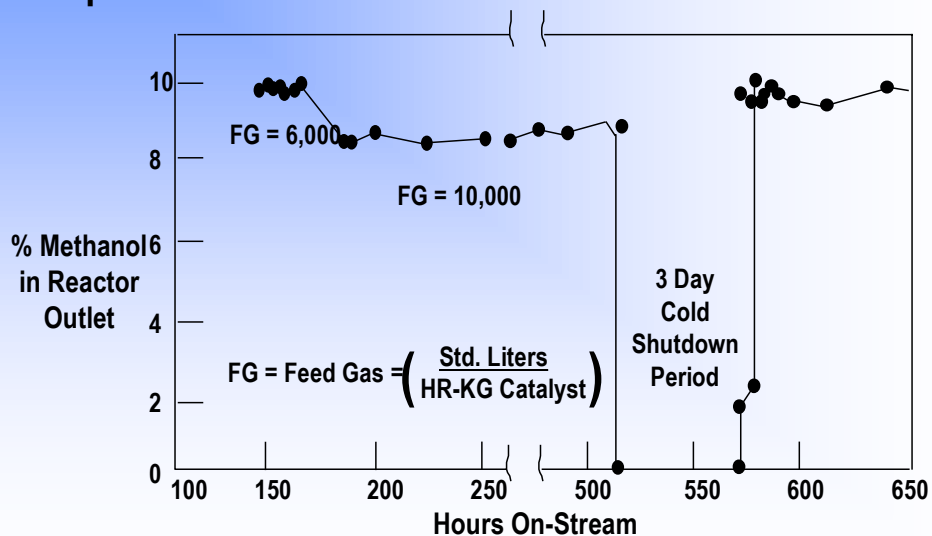
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

LaPorte LPMEOH™ Load Following Test



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Response of LaPorte Pilot Plant to Hurricane Gilbert



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Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

**Energy Optimization via
LPMEOH™ Waste Heat Recovery**

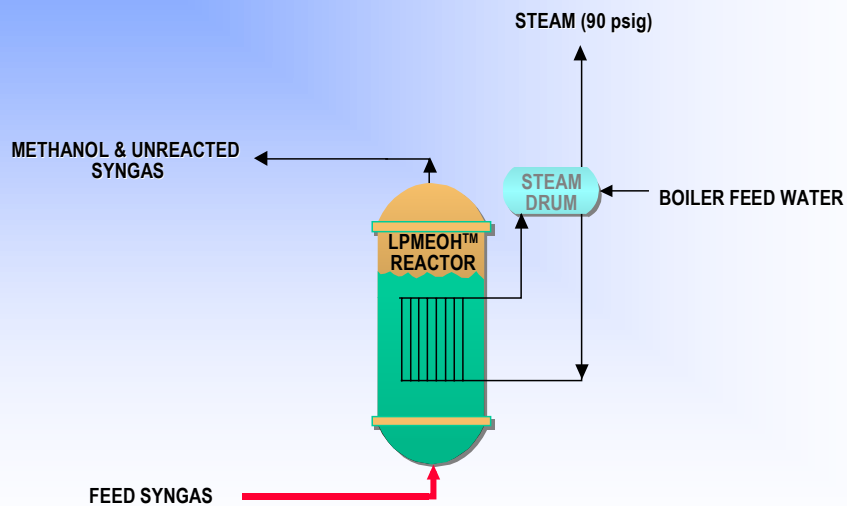
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**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

LPMEOH™ Energy Recovery System



Wabash River IMPPCCT Team

December 1, 1999

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Technology Integration Issues

*Gas Turbine Fuel Delivery
Adaptation to LPMEOH™ Once
Through Gas*

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**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

WABASH RIVER



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Break



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Methanol Market Considerations for Commercial Embodiments

Mark Bearden

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Global Methanol Production Capacity

| Global Methanol Capacity Location | kilotonnes per annum 1997 Capacity |
|--------------------------------------|---------------------------------------|
| Africa | 800 |
| Canada | 1,840 |
| Eastern Europe | 4,402 |
| Latin America | 5,243 |
| Middle East | 3,572 |
| Japan | 264 |
| Oceania | 2,424 |
| East Asia | 4,034 |
| United States | 7,512 |
| Western Europe | 3,740 |
| | <hr/> |
| | 33,831 |

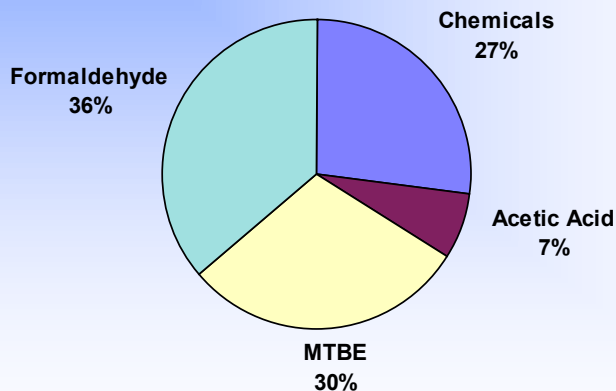
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

US Methanol Producers

| US Methanol Producers | | |
|----------------------------|-------------------|-----------------|
| Company | Location | Capacity (1996) |
| Air Products and Chemicals | Pensacola, FL | 180 |
| Ashland | Plaquemine, LA | 465 |
| Beaumont Methanol | Beaumont, TX | 840 |
| Borden | Geismar, LA | 780 |
| BP-Sterling | Texas City, TX | 450 |
| Coastal | Cheyenne, WY | 75 |
| Eastman | Kingsport, TN | 195 |
| Enron | Plaquemine, LA | 375 |
| Fortier Methanol | Westwego, LA | 570 |
| Georgia Gulf | Plaquemine, LA | 495 |
| Hoechst-Celanese Canada | Bishop, TX | 500 |
| | Clear Lake, TX | 600 |
| Lyondell | Houston, TX | 720 |
| Quantum | Deer Park, TX | 660 |
| Sand Creek | Commerce City, CO | 90 |
| Terra Meth Industries | West Covina, CA | 17 |
| Terra International | Woodward, OK | 150 |
| Texaco | Delaware City, DE | 270 |
| UNICO | Colorado | 80 |
| | | 7,512 |

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

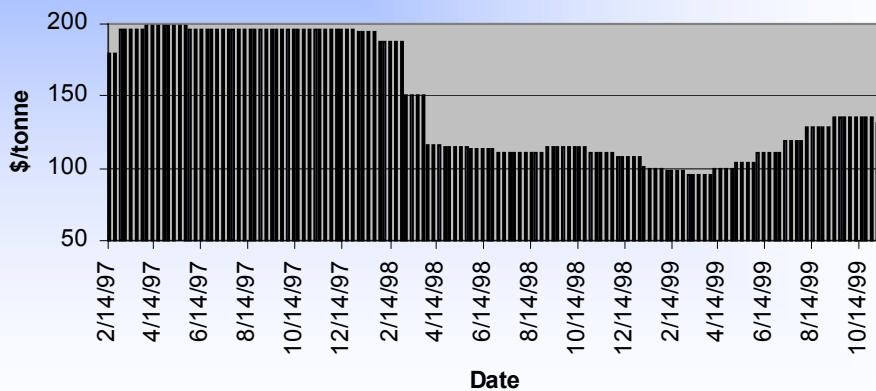
Methanol Distribution



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

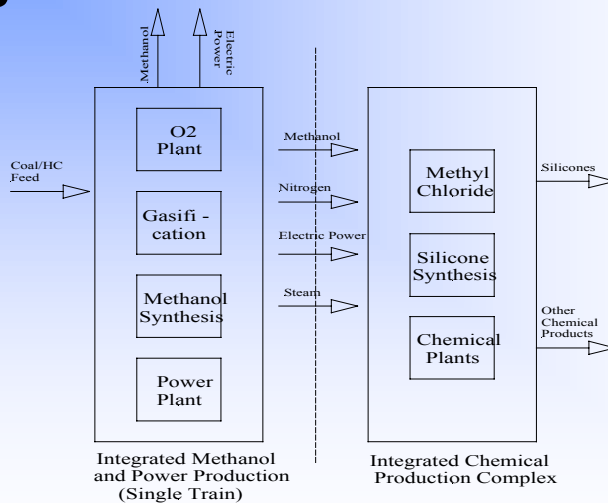
US Gulf Coast Methanol Prices

USGC Methanol Price 97,98, 99



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Integrated Chemicals Complex



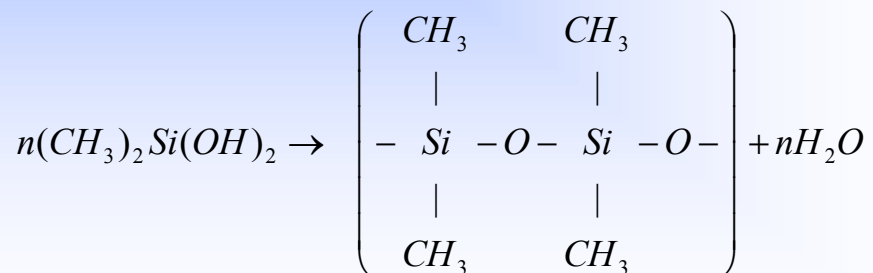
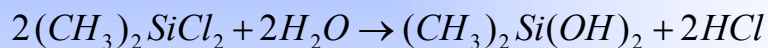
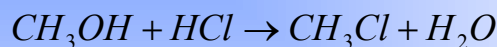
**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Silicone Production from Methanol

- The US silicone industry consumes about 3,000 TPD of methanol (7,000 TPD globally)
- The industry is growing at about 6% annually

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Silicone Chemistry



**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Conclusions for chemical methanol complexes

- Methanol markets available which fit single train IMPCCT plants
- Healthy growth expected for products using methanol as intermediates
- Power markets not yet studied

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Methanol for Olefin Production

- Ethylene / Propylene ratio is variable with reactor temperature and metathesis
- Existing plants may be retrofitted
- Near term commercialization feasible
- Methanol Transportable

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

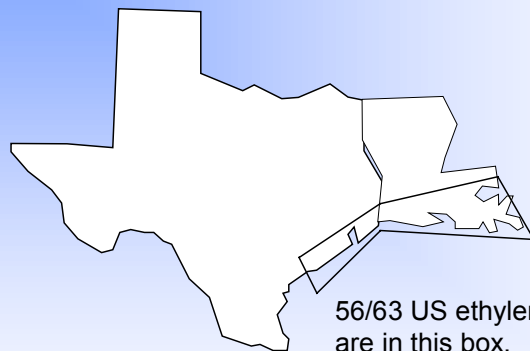
US Ethylene Producers

| Company | Sites | кта | % of Total |
|--------------|-------|--------|------------|
| BP Amoco | 2 | 1,401 | 5.36% |
| Chevron | 2 | 1,555 | 5.95% |
| Condea Vista | 1 | 454 | 1.74% |
| Dow-UCC | 5 | 4,288 | 16.42% |
| DuPont | 1 | 590 | 2.26% |
| Eastman | 1 | 676 | 2.59% |
| Equistar | 7 | 5,210 | 19.95% |
| Exxon-Mobil | 5 | 3,748 | 14.35% |
| Formosa | 2 | 715 | 2.74% |
| Huntsman | 3 | 1,094 | 4.19% |
| Javelina | 1 | 82 | 0.31% |
| Koch | 1 | 11 | 0.04% |
| Phillips | 1 | 2,075 | 7.94% |
| Shell | 2 | 2,271 | 8.69% |
| Sun | 2 | 158 | 0.60% |
| Union Texas | 1 | 578 | 2.21% |
| Westlake | 3 | 1,214 | 4.65% |
| | 40 | 26,120 | 100.00% |

Value of Product produced ~14Billion\$

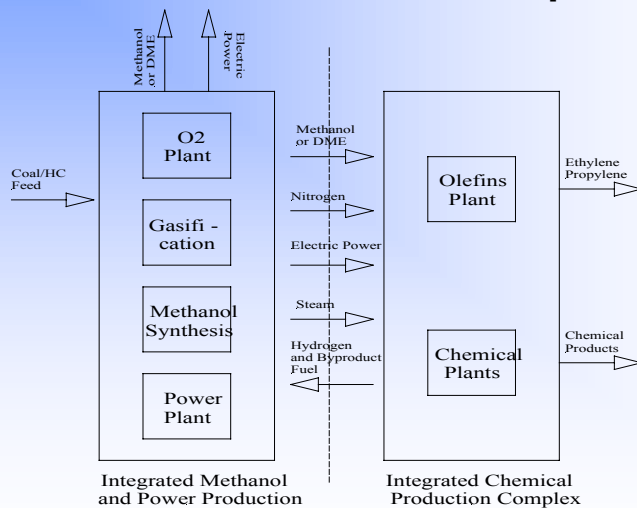
Source: World Petrochemicals, SRI Consulting, Jan., 1999

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Integrated Methanol and Power Production from Clean Coal Technologies**



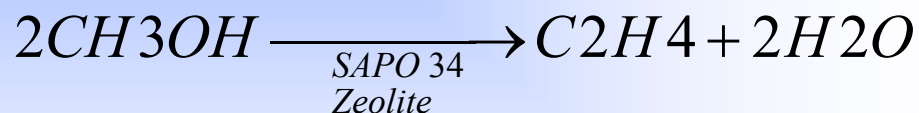
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Integrated Chemical & Olefins Complex Concept



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**Methanol to Olefins (MTO) Chemistry:
Methanol Dehydrates to form light olefins**



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Methanol for Olefin Production

- Methanol Price and Availability
 - Availability: Methanol market is much smaller than olefins market. Additionally, 5-7 lbs. of methanol are required per pound of ethylene produced.
 - Large methanol plants are 2,000 tonnes per day, (TPD). Feeding a large (3000 TPD ethylene plant would require 15 - 20,000 TPD
- Converting all US crackers to MTO would generate too much propylene

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Methanol value for Olefins

UOP/Norsk Hydro Yield assumed
Source UOP presentation to Dow 11/97

| Feeds | Max C2H4 Max C3H6 | | Unit Ratios Max C2H4 Max C3H6 | | Prices | Max C2H4 Max C3H6 | |
|------------------------|-------------------|-----|----------------------------------|-------|--------|---------------------|---------------|
| | Methanol | 660 | 660 | 4.925 | | 6.735 | |
| H2O | 198 | 198 | | | | | |
| Air | 172 | 64 | | | | | |
| (Units are MTA) | 1030 | 922 | | | | | |
| Olefin Products | | | | | | | |
| C2H4 | 134 | 98 | 1.000 | 1.000 | 0.226 | 0.226 | 0.226 |
| C3H6 | 87 | 130 | 0.649 | 1.327 | 0.185 | 0.120 | 0.245 |
| C4H8 | 27 | 36 | 0.201 | 0.367 | 0.115 | 0.023 | 0.042 |
| Olefins | 248 | 264 | | | | | |
| Other Products | | | | | | | |
| Lights | 15 | 6 | 0.112 | 0.061 | 0.0541 | 0.006 | 0.003 |
| C5+ | 14 | 14 | 0.104 | 0.143 | 0.078 | 0.008 | 0.011 |
| Fue Gas | 184 | 68 | | | | | |
| Water | 569 | 569 | | | | | |
| | 782 | 657 | | | | Product value | 0.383 0.528 |
| | | | | | | desired cash margin | 0.100 0.100 |
| Total | 1030 | 921 | | | | Value of Feed | |
| | | | | | | \$/lb | 0.058 0.064 |
| | | | | | | \$/MT | 126.89 140.14 |

**Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies**

Projected Methanol Demand for US Olefins

Methanol to Olefins (MTO) integration into ethylene production

| Numbers are kta | 2000 | 2005 | 2010 | 2015 | 2020 |
|--------------------------|--------|--------|--------|--------|---------|
| Ethylene Production | 25,271 | 29,296 | 33,962 | 39,371 | 45,642 |
| Increment | 736 | 853 | 989 | 1,147 | 1,329 |
| MTO ethylene production | 0 | 1,906 | 7,193 | 13,322 | 20,428 |
| Steam cracker production | 25,271 | 27,390 | 26,769 | 26,049 | 25,214 |
| Propylene Production | 13,847 | 16,446 | 19,533 | 23,199 | 27,553 |
| Increment | 468 | 556 | 661 | 785 | 932 |
| MTO propylene | 0 | 1,239 | 4,675 | 8,659 | 13,278 |
| Cracker Propylene | 8,845 | 9,586 | 9,369 | 9,117 | 8,825 |
| Refinery Propylene | 5,002 | 5,621 | 5,488 | 5,422 | 5,450 |
| Methanol Requirement | 0 | 9,386 | 35,428 | 65,617 | 100,615 |

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Integrated Methanol and Power Production from Clean Coal Technologies**

Conclusion for methanol for olefins

- US olefin production offers a number of opportunities for IMPPCCT projects
- The methanol production plant must be substantially larger than current state-of-the-art (multi-train IMPPCCT)
- Power market must be studied in Gulf Coast

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***Wabash River IMPPCCT,
Integrated Methanol and Power Production from Clean Coal Technologies***

General Discussion



Appendix 9.2 Grade “AA” Methanol Specification

| TABLE I: Chemical and Physical Characteristics of Grades A & AA Methanol | | |
|---|--|--|
| <i>Characteristic</i> | Requirement | |
| | Grade A Methanol | Grade AA Methanol |
| Acetone, percent by weight, maximum | 0.003 | 0.002 |
| Acidity (as acetic acid) percent by weight, maximum | 0.003 | 0.003 |
| Appearance | Free of opalescence, suspended matter & sediment | Free of opalescence, suspended matter & sediment |
| Carbonizable impurities, color, Pt-Co, maximum | No. 30 | No. 30 |
| Color, Pt-Co, maximum | No. 5 | No. 5 |
| Distillation range at 760 mm, maximum | 1.0 °C (and shall include 64.6° ± 0.10°C) | 1.0 °C (and shall include 64.6° ± 0.10°C) |
| Ethanol, percent by weight, maximum | — | 0.001 |
| Nonvolatile matter, mg per 100 mL, maximum | 10 | 10 |
| Odor | Characteristic, nonresidual | Characteristic, nonresidual |
| Permanganate time | No discharge of color in 30 minutes | No discharge of color in 30 minutes |
| Specific gravity at 20° / 20 °C, maximum | 0.7928 | 0.7928 |
| Water, percent by weight, maximum | 0.15 | 0.10 |

TABLE-2 : METHANOL SPECIFICATION
Conforms to US Federal Specification Grade AA

| COMPONENT | ENHANCED SPECIFICATION (For Design Purposes) | IMPCA | GRADE AA | TEST METHOD |
|---|---|---|------------|----------------------------------|
| Methanol Purity, Wt% | 99.9 Min. | 99.85 Min. | N/I | IMPCA 001-92 ASTM D891-94 |
| Water, Wt% | 0.05 Max. | 0.1 Max. | 0.1 Max. | ASTM E 346-94, E-1064-92 |
| Acetone & Aldehydes (1), ppm wt | < 10; [0.001 Wt%, Max.] | N/I | 20 | ASTM E 346-94, D-1612-90 |
| Ethanol, ppm wt | < 10 | 50 | 10 Max. | ASTM E-346-94 |
| Acidity (as Acetic Acid) (1); ppm wt | < 20; [0.002 Wt%, Max.] | 30 | 30 | ASTM E-346; D-1613-91 |
| Trimethylamine (TMA) (1) | 30 ppb Max. | N/I | N/I | ASTM method app. pending |
| Chlorides (1), ppm wt | < 0.1 | 0.5 | N/I | IMPCA 002-92 |
| Iron (1) ; ppm wt | < 0.15 | 0.1 | N/I | |
| Appearance Hydrocarbons | Free of suspended matter, opalescence and sediment | S | S | Visual; (O-M-232-G, 4.2.4.3) |
| Turbidity | < 0.25 NTU | N/I | N/I | |
| Specific Gravity at 20/20 C | 0.7926 | 0.791-0.793 | 0.7928 | ASTM E-346; ASTM D-891-94 |
| Distillation Range | Not more than 1 ⁰ C and shall include 64.6 ± 0.1 ⁰ C at 760 mm Hg | S | S | ASTM E-346; D-1078 |
| Nonvolatile Components, mg/100 ml | 10 Max. | S | S | ASTM D-1353-90 |
| Odor | Characteristic, non-residual | S | S | ASTMD-1296 |
| Permanganate (1) | No discharge of color in 60 minutes | S | 30 minutes | ASTM E-346; D-1362; D-1363-94 |
| Carbonizable Substances | No discoloration; no darker than color standard No. 30 ASTM D1209 | S | S | ASTM E-346-92; D-1209 |
| Color | No darker than color standard No. 5 of ASTM D1209-93, Platinum Cobalt scale | S | S | ASTM E-346; D-1209-93 |
| Notes: (1) Enhanced | S =Same as enhanced | N/I = Not Included in the specification | | |