

Mar 09, 2007 (Erie Times-News - McClatchy-Tribune Business News via COMTEX)

-- Plans are in the works to build an estimated \$94 million tire-to-energy plant on the southern portion of the former International Paper Co. property.

A recently formed company, Erie Renewable Energy LLC, is undertaking the project.

The firm comprises a majority partner, Caletta Renewable Energy of Boston, Mass., a developer of alternative energy plants, and a group of local investors.

Vic Gatto, a Caletta principal and project manager, said Erie Renewable Energy will file for air-quality permits in June.

The company is hopeful that air-quality permits will be issued in about a year, allowing construction to begin in June 2008. The facility will take about a year to build and should be in operation in the summer of 2009, Gatto said.

Pennsylvania currently has no tire-to-energy facilities.

The project will create about 200 construction jobs. The plant itself will have 60 permanent, full-time employees.

Gatto said the company has a commitment letter from the Bank of America for financing.

Once in operation, the plant will use 800 tons of tires a day to produce 70 megawatts of electricity, enough to provide power for 50,000 homes.

The Erie facility will use fluidized-bed technology, converting tire chips at a high temperature into gas to create steam to drive steam engines, generating electricity.

"We're essentially converting tires to mostly gaseous elements," said Gatto. "You're not seeing black smoke because it's not being burned. It's being gasified. It is a very good technology. It's innovative, but it's not new. It will be a very good and very safe project."

Energy Products of Idaho, which is the preferred supplier for the technology, has more than 90 fluidized-bed installations worldwide and has complied with some of the most stringent air-quality regulations in the

country, Gatto said. The system is used to burn wastes ranging from straw to garbage into energy.

Charlie Young, a spokesman for the state Department of Environmental Protection, said Erie Renewable Energy hasn't submitted plans yet, but the company has been meeting with the agency.

"It's hard to comment on what sort of emissions they will have because we don't have a plan or design," he said.

While there are no tire-to-energy plants in Pennsylvania, Young said there are three cement kilns in the state that use tires in the cement-making process.

He said the tire-to-energy plant "is certainly an exciting project," pointing to the problem of disposing of scrap tires.

"Turning that environmental challenge into an economic opportunity is certainly what the governor has been working on his entire administration," Young said.

Erie Renewable Energy is in negotiations to sell the plant's electricity to Penelec/First Energy Corp., Gatto said.

The company has negotiated a tentative agreement with the Greater Erie Industrial Development Corp. for an option to buy about 65 of the 200 acres of the former IP site. The 65 acres is situated on the south side of East Lake Road on land known as the South Yard and Dunn Brickyard.

Monica Brower, GEIDC's president and chief executive officer, said the organization is close to signing an agreement for the option, pending board approval in a week or two.

Based on information she has gathered, she said the proposed plant has "a technology that is proven. That is a clean process. Everything is enclosed. It has appropriate environmental controls on it."

She said the plant will be built near another alternative-energy project, the \$54 million Lake Erie Biofuels plant that is under construction on the northern portion of the IP property. It is expected to begin operation in the early fall, primarily using soybeans to produce biodiesel fuel.

Brower said the two alternative-energy plants together will help Erie

market itself as a new technology area.

"Alternative energy is a hot button issue, at the federal level especially," she said.

But she said the proposed plant will have to go through a lengthy permitting process because of its complexity.

"It's promising," she said. "There are a lot of things that have to fall in place. We're hopeful."

Mayor Joe Sinnott, who is on vacation, couldn't be reached for comment.

Sean Wiley, the county's director of administration, said the county is "absolutely" supporting the project, especially since it deals with renewable energy.

He said the project "ties in perfectly" with a conference county officials will be attending next week on renewable energy.

Caletta Renewable Energy, which was formed about a year and a half ago, is the majority partner in Erie Renewable Energy. Besides Gatto, Caletta's partners are Barletta Engineering Corp. of Canton, Mass., and Palmer Paving Corp. of Palmer, Mass.

Gatto said Caletta selected Erie for a plant because of a longtime friendship between David Callahan, president and chief executive of Palmer Paving Corp., and Erie resident Owen McCormick, president of the Joseph McCormick Construction Co.

"He (Callahan) just loved this city and he felt this would a great place for a plant," Said McCormick. "That's how it all started."

Besides Erie's project, the company is working on two others, one using green and demolition wood in Springfield, Mass., and another using solid waste and tires in Rhode Island. Both of those projects are in a similar stage to Erie's.

The local investor group, Conservation Development Associates, was formed to work with Caletta on the Erie plant. Its investors are managing partner and Erie lawyer David Agresti; Lisa Rubino, wife of developer Greg Rubino; and Kimberly McCormick, the wife of Owen McCormick.

Agresti pointed out that electricity will be deregulated in 2010, causing an estimated 30 percent increase in commercial electric rates.

The tire-to-energy plant will provide cheaper electricity, helping economic development here, and also reduce dependence on fossil fuels, he said. The tires will be kept under roof at the plant, he said.

Erie Renewable Energy is negotiating a contract with Waste Management to provide the tires, Gatto said. The tires will be brought to the facility by rail and by truck. About 70 percent would be brought by rail and 30 percent by truck.

The project architect is Rectenwald-Buehler Architects. Joseph McCormick Construction will be involved in the project. Tecnica Development Corp., headed by Greg Rubino, is working on commercial land development and a wide range of permitting for the project.

By George Miller  
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