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KL Energy expands to Brazil

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Cellulosic ethanol developer KL Energy Corp. has announced it will expand into Brazil, as a result of a partnership with renewable energy business development company add blue Ltda.

Through an exclusive cooperation agreement, the companies will construct a demonstration-scale cellulosic ethanol plant in Brazil to implement KL Energy's enzymatic process.

According to KL Energy CEO Steve Corcoran, the company began talks with add blue in mid-2008, when KL Energy executives visited several sugarcane mills, technology institutes and investors in Brazil. "Our interest was to add value to and improve the sustainability of the Brazilian sugarcane industry," he said. "Our highest financial and environmental returns would come from cellulosic ethanol and optimizing the 550 million ton crush capacity of the 360 existing mills. KL Energy and add blue quickly decided to team up and jointly develop the cellulosic and process optimization business in Brazil."

The 5 MMly (1.3 MMgy) plant will utilize sugarcane bagasse as a feedstock. "The Brazilian sugarcane industry alone coproduces approximately 70 million dry tons of bagasse per year," Corcoran pointed out. "With the continued strong growth of the domestic fuel ethanol demand and ever-more efficient captive power generation, the bagasse quantities, which can be made available for cellulosic ethanol production, will increase rapidly." KL Energy and add blue plan to construct and operate the plant, which will be integrated into a sugarcane mill and will be expanded to commercial scale when the targeted yields are achieved.

Corcoran said the sugarcane mill will supply approximately 15,000 to 20,000 tons of the bagasse feedstock in its first year of operation. The companies expect to have the facility operational by 2010.

KL Energy operates Western Biomass Energy, a cellulosic ethanol pilot plant in Upton, Wyo., which uses

woody biomass as a feedstock. The company recently signed an agreement with Prairie Green Renewable Energy Inc. to provide its technology for use at a 5 MMgy to 10 MMgy cellulosic ethanol plant near Hudson Bay in northeastern Saskatchewan. The project is slated to begin construction in the third or fourth quarter of 2009.

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