

Outlook 2012: Patience is a Virtue

Peter Williams, CEO, Ineos Bio
By [Kris Bevell](#) | November 15, 2011



[Peter Williams](#)

The stage is set for 2012 to be a very exciting year for Ineos Bio. Earlier this year, Ineos made history when it broke ground on its first-of-its-kind 8 MMgy cellulosic ethanol plant and renewable energy production facility at Vero Beach, Fla., and by early October, construction of the facility was 30 percent complete, according to Ineos Bio CEO Peter Williams. The project is on schedule and on budget so far, and if things continue to go as planned, the plant will be mechanically complete in April and will be continuously churning out waste-based ethanol by the second half of the next year.

Anticipation is high at Ineos Bio's joint venture—Ineos New Plant BioEnergy LLC—as well as at its parent company, global petrochemical firm Ineos. “We see this as a very important project for the Ineos group as a whole,” Williams says. “There’s a huge amount of work left to do, and a huge amount of capability that we have to bring to that, but we are doing it.”

It may seem like the Ineos project will have been a long-time coming when it begins to produce ethanol next year, but Williams suggests that that would be a misconception. While it may seem to some that there is a significant lag-time between project announcement and construction, the fact is these innovative facilities require a healthy dose of engineering and machinery design, all of which needs to be completed before any steel can be put in the ground. This is what Ineos and other project developers have been earnestly working on in the past few years as they prepare for commercial production, he says. So while there may not yet be many facilities to point to as proof of the cellulosic ethanol's feasibility, Williams says a little patience may soon pay off as engineering activities are settled and construction projects take off. “It's not like the IT industry. This requires engineering, it requires attention to all of the safety, health and environmental aspects,” he says. “There's a certain timeline between discovery and commercial execution of the actual plant. There will be a gestation period and we have to allow companies the time they require to become a commercial reality. For sure, many will fall by the wayside, but we have to allow time for those that can become a reality to actually be converted to a commercial reality.”

In August, Ineos New Planet BioEnergy LLC received a \$75 million USDA loan guarantee, without which the company would have had a more difficult time carrying out its project. Financing is unquestionably the No. 1 problem facing cellulosic producers today, even those with deep-pocket backers such as Ineos, but Williams suggests that developers need to possess a suite of tools in addition to access to capital if they want to succeed in the industry. “It's insufficient just to have the idea,” he says. “You need the idea plus the ability to scale that idea, to engineer that idea, to convert it into a commercial reality. If you look at the three companies that have closed out on loan guarantees—Poet, Abengoa and ourselves—we're all companies that have been able to bring existing capabilities to the process.”

As far as competition in cellulosic ethanol goes, the game is friendly for now because each company's singular advancements provide a boost to the entire industry. Williams would extend that concept to incorporate other countries including China, which is repeatedly identified by U.S. government officials as the country to beat in the clean energy race. “There is competition in the world, but that's always going to happen,” he says. “As for energy independence and security, we'll never really get it unless other nations have it too. So while there is competition from China and others in this industry, it's probably not so bad that there are multiple participants in the race.”

As Ineos nears the final stages of preparation for its first plant, the project has attracted plenty of on-lookers who are also interested in applying Ineos's waste-to-energy technology for converting vegetative and municipal solid waste to their own projects.

“We’re seeing very strong interest, both within and outside the U.S.,” Williams says. “I think this theme we’ve taken of using waste materials and converting them to biofuel and renewable energy resonates not just with the people we traditionally deal with—the petrochemical companies—but also with the communities in which we work and communities that we touch with our other products.”

Even as the Vero Beach facility, dubbed the Indian River BioEnergy Center, begins operating, Ineos will already be moving ahead with licensing agreements and project opportunities in other areas of the U.S. and beyond. “Clearly we’d like to replicate our technology throughout the U.S. and around the world,” he says. “We’d like to introduce [it] at a community level wherever there are waste materials and where waste is collected. We think we provide an extremely efficient solution to that waste management problem.”

Of the handful of most promising cellulosic ethanol projects, most have now made public their plans to produce biochemicals in addition to fuel. This move toward chemical production has largely been viewed as a financial necessity because although the markets for some chemicals are much smaller than ethanol, they bring in much more revenue per gallon. Williams agrees with this strategy and predicts that biochemical production and technology partnerships will be emerging trends in the next year or two. Ineos has been quiet so far on its plans for biochemical production, but with its vast knowledge of petrochemical markets, it would seem the perfect candidate to branch out into bio-based chemical production as well. Does it have any plans to become the leader of the pack? “From our perspective, we are definitely of the view that we would like to develop the chemical products,” Williams says. “We’re in a position where we understand exactly the economics required as well as the sustainability criteria to make those routes attractive. So, yes, we’re certainly interested.”

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