

National Utilities Cooperative Finance Corporation Solutions News Bulletin

CFC-issued CREBs complete funding for Texas biomass plant

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East Texas Electric Cooperative (ETEC) has finalized long-term financing for a 49.9-MW biomass plant currently under construction. The Nacogdoches, Texas-based generation and transmission cooperative will fund the project with \$55 million in CFC-issued Clean Renewable Energy Bonds (CREBs) and a loan from the Rural Utilities Service through the Federal Financing Bank.

“We are well on our way to further diversifying our power supply for all of our East Texas member cooperatives,” ETEC General Manager Edd Hargett said. “Co-op members can continue to enjoy affordable rates for electricity in their homes, at their businesses, and on farms and ranches, and we’ll be creating local jobs with the new plant.”

CFC arranged a \$115 million syndicated credit facility for ETEC last spring, which was used for initial project costs while the G&T awaited confirmation of long-term financing (*see “ETEC Secures \$115 Million for Renewable Projects,” Solutions News Bulletin, May 14, 2012*).

Construction of the estimated \$206 million Woodville Renewable Power Project began in June 2012.

“All of us at ETEC greatly appreciate CFC being an integral part of the Woodville project,” ETEC CFO Ryan Thomas said. “With their support for this effort, CFC is showing their long-term commitment to the economy of East Texas.”

The plant will be located in Tyler County, Texas—where the primary local industry is timbering—and will use wood fuel chips produced from harvesting residual or otherwise unusable timber from logging operations. At least 30 days of fuel will be able to be stored onsite at any point, according to ETEC, with approximately 500,000 tons of locally sourced fuel expected to be needed to maintain the plant’s projected annual output of up to 394,000 MWh. A 30-year fuel supply contract is in place.

The plant is expected to begin delivering electricity to the grid by the end of 2014, creating an estimated 250 jobs during construction, 25 jobs on a permanent basis once the plant is operable, and another 75 jobs associated with fuel supply.

Although no new CREB allocations are currently planned by Congress, an estimated \$200 million in unused funds from previous allocations could become available to electric cooperatives in 2013. Contact CFC’s Linda Graham for more information at linda.graham@nrucfc.coop