

## New owner plans to shut James River coal plant; build new capacity at the site

Coal capacity to be shut, and gas-fired capacity to be built in its place

11/23/2016 by Barry Cassell

The Virginia State Corporation Commission on Nov. 16 approved the purchase of the coal-fired **James River Genco LLC** cogeneration plant by a company that plans to repower it.

On Sept. 22, James River Genco LLC and **City Point Energy Center LLC** had filed a joint petition for approval of the acquisition by City Point of James River's electric and steam coal-fired cogeneration plant and associated interconnection equipment located in the City of Hopewell, Virginia. City Point also requested that the commission issue a certificate of public convenience and necessity (CPCN) for City Point's acquisition and operation of the existing facility.

City Point is a special purpose entity that was formed to acquire and operate this facility. The existing facility recovers thermal energy from turbines to provide process steam to **Honeywell International Inc.** for use in an adjacent manufacturing plant owned by its subsidiary **Advansix Resins and Chemicals LLC**. The existing facility sits on land leased from Honeywell. James River also bids and dispatches electric energy, capacity, and ancillary services from this facility into the wholesale market of **PJM Interconnection**.

The sale and transfer of existing facility is the first step in a process that ultimately would result in a new combined heat and power facility which would provide steam for Honeywell and would generate electricity for sale into PJM. This project is planned in three phases. During Phase 1 (the subject of this petition), City Point would acquire and operate the existing facility and continue its operation until Phase 2 is permitted, constructed, and operational. During Phase 2, City Point would construct and operate a facility that would generate steam for Honeywell but would not produce electricity. Once the Phase 2 facility is operational, the existing facility would be taken offline and decommissioned. During Phase 3, City Point would construct and operate a new, approximately 50-MW steam and electric generation facility, which would burn a natural/landfill gas mixture.

City Point will file a separate CPCN application with the Virginia commission seeking authority to construct and operate the new facility for electric generation.

Under Phase 2, City Point Energy will construct and operate a steam generation facility using two approximately 300,000 kpph package boilers that will burn natural gas, but will not produce electricity. As such, Phase 2 is not subject to commission approval.

During Phase 3, City Point Energy will construct and operate the new, approximately 50-MW steam and electric generation facility. It will have one combustion turbine generating electricity with the waste heat going to a once through steam generator (OTSG) with duct firing, which will generate steam for use by Honeywell. From Phase 2, the package boilers will operate as a supplement and as a backup to the steam generated by the OTSG for Honeywell. It is anticipated that the new facility, if approved by the commission, will be operational by September 2019.

The existing facility, which began commercial operations in 1988, is a 114.8 MW (nameplate) cogen comprised of six stoker coal-fired steam boilers and two extracting/condensing steam turbine generators. The facility currently operates as a qualifying facility under the Public Utility Regulatory Policies Act of 1978, as amended (PURPA). It is interconnected to the transmission system owned by **Virginia Electric and Power** d/b/a **Dominion Virginia Power**. James River's prior power purchase agreements have expired or have been terminated.

Said the Sept. 22 application: "The acquisition and operation of the Existing Facility by City Point Energy will not adversely affect the Existing Facility's current environmental impact. In fact, the coal-fired Existing Facility will eventually be taken offline and decommissioned and ultimately replaced with a more environmentally friendly facility that will substantially lessen the environmental impacts, including reductions in SO<sub>2</sub>, CO, and NO<sub>x</sub>. All required environmental permits will be transferred to or obtained by City Point Energy."

On Oct. 1, Honeywell International spun off **AdvanSix Inc.**, AdvanSix R&C's parent, to the shareholders of Honeywell International. The existing facility would continue to sell steam to AdvanSix R&C. Additionally, and as a result of the spin-off, AdvanSix R&C would become the lessor of the land on which the existing facility is sited.

A company contact listed in the application is: Anand Gangadharan, President of City Point Energy Center LLC, 23955 Novi Road, Novi, MI 48375, Tel: (248) 735-6684, [agangadh@novienergy.com](mailto:agangadh@novienergy.com).

Incidentally, City Point Energy Center LLC won a Nov. 17 approval from the Federal Energy Regulatory Commission on its Sept. 23 application for acceptance of its proposed market-based rate tariff and authorization to sell energy, capacity, and certain ancillary services at market-based rates in the PJM balancing authority area.

#### **ABOUT THE AUTHOR**

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Barry Cassell is Chief Analyst for *GenerationHub* covering coal and emission controls issues, projects and policy. He has covered the coal and power generation industry for more than 26 years, beginning in November 2011 at *GenerationHub* and prior to that as editor of SNL Energy's *Coal Report*. He was formerly with *Coal Outlook* for 15 years as the publication's editor and contributing writer, and prior to that he was editor of *Coal & Synfuels Technology* and associate editor of *The Energy Report*. He has a bachelor's degree from Central Michigan University.

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