

# Entergy Gulf States Louisiana Inks Deal With Sasol

NEW ORLEANS (AP) — Entergy Gulf States Louisiana has signed a six-year power supply deal with the South African energy company behind a planned \$7 billion petrochemical project in Westlake.

Entergy Gulf States Louisiana said Monday that it has agreed to supply up to 200 megawatts of electricity to keep Sasol Ltd.'s proposed ethane cracker running from day-to-day starting in mid-2014. The cracker is part of a \$21 billion complex that would also include a gas-to-liquids plant.

Cracker plants break oil and gas into smaller molecules. The Sasol facility would break natural gas down into ethylene, a key ingredient in the production of plastic.

The energy contract is a sign plans are moving forward even though financing for the entire project has yet to be announced.

The Times-Picayune reports (<http://bit.ly/18jhgrk>) Sasol is one of dozens of companies seeking to take advantage of a boom in U.S. natural gas supply driven by shale drilling. Prices for the commodity are hovering near historic lows, making it cheaper for chemical companies to produce key products.

Sasol, one of the world's top producers of motor fuel derived from coal, announced its plans for the Westlake complex in late 2012. The company proposed spending up to \$7 billion to build the ethane cracker and up to \$14 billion for a gas-to-liquids plant that would turn natural gas into diesel.

Louisiana lawmakers approved \$257 million in incentives to convince Sasol to move forward with the investment, which is expected to create nearly 1,200 permanent jobs. But Sasol told investors in September that it is still seeking project finance and loans and may also sell U.S. bonds to fund the construction of the cracker.

Sasol will make the final investment decision on the project sometime next year, Entergy said Monday. The cracker is expected to be fully operational in 2017.

To put the 200 megawatt power supply agreement in perspective, one megawatt can power roughly 800 to 1,000 average-sized American homes for an hour. Entergy said it's planning to upgrade its electric transmission system to meet the increased demand for electricity at the plant.

The Sasol power deal follows an October agreement between Entergy Gulf States and Methanex Corp., which is relocating two methanol plants from Chile to a site in Geismar. Entergy has agreed to supply up to 30 megawatts of power for the two Methanex plants for 10 years starting in late 2014.

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