

Pushing For Chemical Manufacturing In Mississippi

JEFF AMY, Associated Press

JACKSON, Miss. (AP) — Mississippi should seize an opportunity to compete for energy-thirsty economic development, economist David Dismukes suggested Thursday at the Governor's Energy Summit.

A Louisiana State University professor, Dismukes was hired by the Mississippi Energy Institute to look at opportunities that might arise from the U.S. boom in natural gas production. At Thursday's summit at the Jackson Convention Complex, Dismukes presented preliminary results from his study.

He finds that Mississippi should pitch itself as a home for chemical manufacturing companies that might want to get away from areas clogged by tens of billions in construction in the refining and chemical sectors.

"Energy-based industrial development, to date, has been highly concentrated in Louisiana and Texas, largely due to the ability to leverage existing (brownfield) sites and historic industrial linkages," Dismukes wrote. "However, constraints are like to arise in the future. Mississippi will have to vigorously compete for these opportunities — they will not materialize without concerted, uniform effort."

That dovetails with Gov. Phil Bryant's vision for using energy as a driver for economic development, making Mississippi "your energy home." Bryant especially touts the potential for oil drilling in southwest Mississippi.

"This is going to be a huge opportunity for us," Bryant said of drilling in the Tuscaloosa Marine Shale.

The Mississippi Energy Institute, which promotes energy development, hosts the summit once a year. Bryant and former U.S. House Speaker Newt Gingrich were among the speakers boosting oil and gas exploration, utilities and other forms of energy development.

Dismukes said opportunities look brightest in refining methanol and building new gas-fired power plants. There was a boom in natural gas plants in Mississippi when the wholesale power market was deregulated in the 1990s, but many investors went bankrupt after they couldn't win long-term contracts to sell power. Dismukes argues that because Entergy Corp. is joining a multi-state transmission organization, prospects are brighter now.

His research suggests there are also opportunities in making ammonia for fertilizer and making ethylene, a key building block for plastics. However, projected expansion in those industries could outstrip demand, at least in the near term.

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The economist also identified exports of liquefied natural gas as an opportunity. Pipeline company Kinder Morgan is trying to get approval from the U.S. Department of Energy to export natural gas from Pascagoula to countries with which the United States doesn't have free trade agreements. Getting that OK means Kinder Morgan would invest billions in converting the terminal from receiving imports to exports.

But Dan DiMicco, the executive chairman of steelmaker Nucor Corp., warned strongly against exporting too much natural gas. He said that exports could drive up the price, but would produce much less in economic benefit than keeping the gas in the United States to be used in manufacturing.

"What people are pushing for today is extremes of exporting natural gas," DiMicco said, saying he favored limiting exports to 15 percent or less of American production.

Other speakers said it's important to preserve coal as a viable fuel for electrical plants and praised the virtues of the \$5 billion coal-fueled power plant that Mississippi Power Co. is building in Kemper County. The plant, which is supposed to gasify soft lignite coal, burn it for fuel and then capture carbon dioxide and other gases, is about \$2 billion over budget.

"If only we could get away from this war on coal mentality that says I don't care how good your plant is, I don't want you to use it all," Gingrich said. "You look at what's happening at Kemper, it took some visionary somewhere to begin thinking about a brand new model."

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