

# Proposed power plant faces hurdles

## Florida company is working behind the scenes to open \$500 million gas-fired plant in Middletown in 2018

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Written by

[Bowdeva Tweh](#)

and Sheila McLaughlin

A young Florida-based power plant developer still has lots of work to do before building a sprawling \$500 million natural gas-fired facility in Southwest Ohio.

NTE Energy anticipates breaking ground on 50 acres in Middletown in 2015. But before any construction can begin, the project needs financing, approvals from various government agencies and permission from the regional electric transmission operator to connect to the power grid.

All these steps are required as the company plans for a 500-megawatt plant that could power 400,000 homes a year, although it expects to supply mainly industrial and government users. City officials and union leaders are applauding the project, saying it would provide much-needed jobs in Middletown and the capacity to draw more large industrial businesses.

If everything goes as hoped, the plant could begin operating in the second quarter of 2018, developers say. It would be among NTE Energy's first.

"We selected Middletown because there's some great power demand (and) good infrastructure with transmission and gas," Tim Eves, NTE Energy senior vice president of development, said Wednesday. "An important part of work is to reach out to the local communities, and we got a warm welcome."

The plant has a newer design and will generate electricity from natural gas and steam, making it more energy-efficient.

"Long term ... it allows the opportunity for future industrial heavy-energy-use companies to make their way towards Middletown because they've got this local provider of electricity," Middletown Mayor Larry Mulligan Jr. said. "They are looking to line up industrial-type contracts for electricity needs. That's their business model."

Mulligan said gas pipelines and electrical transmission lines already are present near the project's site at the intersection of Oxford State Road and Cincinnati Dayton Road.

Permanent jobs may only number about 25, but they still are expected to produce \$2 million in payroll taxes for Middletown, Mulligan said.

“They are high-end technical jobs,” the mayor said. “It really fits in well with our advanced manufacturing and the workforce we’ve been working to develop and attract.”

The local ironworkers union can expect to get between 40 and 60 construction jobs, but officials cautioned against getting too excited yet.

“It’s very welcome news but we try to tone it down when we see things like that. About 50 percent of the time it ends up not coming to fruition,” said Rob Ratermann, business manager for Dayton-based Ironworkers Local 290.

“Things come up, then they get shot down through permitting or financing.”

It’s not clear whether the project will face significant opposition from environmental groups. Rachael Belz, executive director of the environmental preservation advocacy group Ohio Citizen Action, said she didn’t have enough information about the project to comment.

However, she questioned whether the gas would come from fracking, an activity her group is trying to slow down or stop in Ohio.

St. Augustine, Fla.-based NTE Energy was formed in 2009 with a collection of senior managers who’ve worked in the industry, including designing and building power plants to forming commercial arrangements with customers.

Eves said NTE Energy has been working on this project since mid-2013. It’s also working to develop state-of-the-art facilities in Texas and North Carolina.

Power plant developers are increasingly using natural gas instead of coal because of the dynamics of the energy market, said Standard & Poor’s rating analyst Dimitri Nikas.

“It is the fuel of choice because as a raw material the cost has declined over time and really there’s a plentiful supply for the time being,” Nikas said. Natural gas-fired combined-cycle plants are “pretty straightforward projects to build because there’s not a lot of technology risk.”

Finding financing and firms to contract with can be tricky for these expensive ventures, said Peter Maloney, senior writer for industry news service Platts.

“You’re going to have to convince somebody that the price of power is going to be below the wholesale price of power,” Maloney said.

The regional electric grid operator PJM Interconnection is responsible for making sure the grid can handle the power from the new plant, said Ray Dotter, spokesman for the Valley Forge, Pa.-based entity.

PJM is completing the first of three phases of a feasibility study that will tell NTE the upgrades and costs needed to connect to the grid and deliver electricity.

The Southwest Ohio Air Quality Agency, the Ohio Environmental Protection Agency and the Ohio Power Siting Board are among entities expected to review the power plant plans, but agency representatives had few details about the development Wednesday.

Southwest Ohio Air Quality Agency spokeswoman Megan Hummel said her organization has a meeting upcoming with NTE Energy. Hummel's group will review the initial air permit application for the project.

The Ohio Power Siting Board also has to sign off on the project because it regulates electric generation plants that produce more than 50 megawatts of power.

Board spokesman Steven Irwin said the public will have two chances to learn about and comment on the project before and after the company submits an application to build the facility.

Irwin said the vetting process could take nine to 12 months, but it may be longer depending on the project. ■