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In China, a warmer welcome

Minnesota alternative-energy firms are finding a welcome reception as Beijing works to cut pollution and save energy.

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The Obama administration last week accused China of manipulating its currency and subsidizing its booming "green-technology" industry in defiance of World Trade Organization regulations against protectionism.

A couple of Minnesota companies, in effect, are responding: "So what?"

"If you have the right energy technology, the Chinese don't care where it came from. They want it," said Bob Walker, CEO of Ramsey, Minn.-based Bixby Energy Systems Inc.

Said Patrick Peyton, CEO of Despatch Industries in Lakeville: "We have over 135 customers in China today."

Despatch makes thermal ovens that cure solar cells for manufacturers.

These firms are among the U.S. companies finding success in China for their alternative-energy technologies at a time when markets in the United States remain relatively less receptive to such innovations.

Stung by having replaced the United States recently as the world's largest polluter, China has moved to shut down its dirtiest plants, place carbon caps on several industrial-dominated provinces and otherwise moved aggressively into the manufacturing of wind, solar, battery and next-generation coal-gasification technologies.

Meanwhile, U.S. industry, starting with coal, utility and other energy companies, has embraced, fought or just waited for new carbon-cutting rules that have yet to come out of Congress and are not likely to anytime soon.

Xcel Energy and other utilities don't want to invest in next-generation systems until long-term carbon-cutting standards are adopted.

Bixby Energy and Despatch are taking advantage of China's focus on clean energy.

"We're working with an American company, our licensing partner, that's getting [Chinese government assistance]," said Walker.

The company expects to license millions of dollars' worth of its coal-gasification and liquefaction units to Chinese government and business.

"By the end of this year we expect \$12.5 million in revenue [from China] and we expect to more than double that in 2011," Walker said. "And this will create jobs for Minnesotans and others as we expand manufacturing in the United States."

Using about \$40 million in investor money, Bixby has developed a new coal technology that aims to double the energy output of coal by using a gasification process that unlocks natural gas by heating -- but not burning -- coal.

The process claims to cut carbon emissions by two-thirds, leaving semi-activated carbon that can be used to make synthetic oil and other products.

"Our combined technology unlocks more than 80 percent of all the usable energy found in coal," Walker asserted. "This increased energy output ... changes coal from being a problematic source of energy to an important part of the solution."

China, which has large coal reserves, is short on natural gas and oil -- factors that make the Bixby process appealing to the Chinese. Bixby's claims will be tested in coming months by Chinese customers and others, including a West Virginia coal mine. Regardless, Bixby is an example of an American company that's focused more on a receptive Chinese market than its own.

Clean-tech bandwagon

Meanwhile, Despatch Industries has jumped on the China clean-tech bandwagon. And that also is driving some employment gains in Minnesota.

"We have the No. 1 market share in China," Peyton said. "And our customers in Korea and Taiwan have increased [orders] 300 percent and 600 percent, respectively, during 2010 as these two countries are making huge investment in solar cell manufacturing to compete with the Chinese."

Despatch has added 130 jobs in Minnesota this year, bringing total employment to 330 people at a company that Peyton says will finish the year with \$150 million worth of new orders, including solar-customer ovens and its traditional work of high-test thermal technology for semiconductors used by the likes of 3M, Intel, Micron, and other semiconductor, health care and industrial concerns.

Despatch is adding employees who design, build and control the operations from Minnesota, before shipping ovens around the country and the globe.

"We never license our technology," Peyton said. "Our technology advancements are conceived, designed and manufactured in Minnesota. We retain all intellectual rights in our technology. We are currently on our third-generation design for our bestselling solar tool since 2005. The innovation and work ethic of our [Minnesota] employees is the best in the world."

Peyton is not overly concerned with possible U.S. trade sanctions against the Chinese.

Why?

"Because any country will be hard-pressed to place taxes or duties on incoming Chinese solar cells," he said. "Doing so would diminish their own alternative-energy plans, as these cells are the most efficient and the lowest-cost in the world. There isn't an alternative place to go to get the best solar cells."

China gets most of its solar cells from U.S. and European suppliers, which are then customized and placed in solar installations.

"China still is exporting 98 percent of their cells," Peyton said. And "U.S. and many European companies are benefiting from the low-interest loan and land deals, same as Chinese companies."