

# Things don't go better with Koch in the Caribbean

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Clean air activists on U.S. Virgin Islands (and on Cape Cod) take on Bill Koch  
*Alliance's main funder plans dirtiest possible power plant in pristine Caribbean*

By Gerald Rogovin and cctoday staffers

The announcement by an energy development group in Englewood, Colorado, last summer that it will invest \$440 million to build two electricity-generating plants in the U.S. Virgin Islands has led to a court battle there with links back to Osterville on Cape Cod.

More than 60 citizens and three nonprofit groups of ratepayers and environmentalists have taken the developers and the Territory government to court. They contend that the proposal was introduced without notifying the public, a requirement of the islands' Public Service Commission, the contracting agency.

The islands residents are outraged over the power plant proposal, and they are directing some of their ire at one of the most famous opponents to Cape Wind, Bill Koch. Mr. Koch owns a large waterfront home here on Oyster Harbors in Osterville and he has business interests on St. Croix.

The [Virgin Islands Daily News](#), a Pulitzer Prize winning newspaper, has been covering the power plant fight regularly and in the past month its pages have been filled with guest editorials and Op Eds from concerned local residents who are outraged over the power plant proposal.

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The controversial proposal by [Alpine Energy Group](#) is to build a power plant on St. Croix that would run on two fuels: solid waste (trash), and petroleum coke that would come from the nearby Hovensa oil refinery that processes heavy Venezuelan crude oil and the refinery is half-owned by Petroleos de Venezuela.

Petroleum coke (also known as 'pet coke') would fuel the bulk of the new power plant's energy production, and this is where Bill Koch comes in.

As Virgin Islands residents Steffan Larsen and Jan Mitchell wrote in a recent [VI Daily News Op Ed](#), "Alpine has an agreement in place with Energy Investors Funds, sponsored by Bill Koch, who is also CEO of Oxbow - the company that controls the Hovensa Pet Coke."

[Bill Koch's](#) company Oxbow Energy boasts on its website that it is the "[largest distributor of petroleum coke in the world with annual shipments of nearly 11 million tons](#)".

Oxbow's website also states that, "Oxbow operates a petroleum coke terminal for the Hovensa refinery in St. Croix, Virgin Islands." Oxbow first got involved with Hovensa's petroleum coke

operation in 2003 when it purchased a competitor, AIMCOR, which had previously secured a [long term contract](#) to sell Hovensa's 1.3 million tons of high-sulfur petroleum coke produced annually.

### **What is petroleum coke?**

Hovensa's petroleum coke contains a significant amount of sulfur from Venezuela's tar-like heavy crude

What is petroleum coke? According to Oxbow Energy's website back in 2005 (when Bill Koch first announced his leadership of the Alliance to Protect Nantucket Sound), it is "unwanted contaminants concentrated in a solid by-product", of the oil refining process. More recently Oxbow's website changed its description to the more pleasant sounding, "solid high carbon material that is produced as a by-product of the oil refining process". Getting back to Oxbow's original description, what aside from carbon could be among the "unwanted contaminants" of petroleum coke? Hovensa's petroleum coke contains a significant amount of sulfur, as Venezuela's tar-like heavy crude has high concentrations of sulfur. Petroleum coke also ends up with nearly all of the metals contained in crude oil.

So, what's the beef islanders have with a new power plant running predominately on petroleum coke? The primary complaint of opponents, which includes the two largest environmental organizations on the islands, is the risk of [degrading public health and the environment](#). When burned, petroleum coke gives off air pollution emissions of sulfur dioxide and metals, both of which are harmful to human health.

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Alpine power plant opponents note that the US Environmental Protection Agency has already determined that this facility would be a "[major source of air pollution](#)". Concerned residents also cite a marketing analysis report on the website of the [World Energy Center](#), that says petroleum coke's "high sulfur content, low volatile matter, and high metal content tend to make petroleum coke an unattractive fuel".

The report goes onto say "in the U.S., petroleum coke has historically been priced at a discount relative to coal because of its poorer environmental characteristics." Project opponents also [cite numerous examples](#) in the U.S. where complaints arose in communities after power plants began burning petroleum coke over claims of negative impacts to human health and environmental quality.

### **Twice cited by EPA, Oil spill four times that of the EXXON Valdez**

The ultimate source of the petroleum coke that would be sold by Koch's Oxbow to Alpine is the Hovensa oil refinery which burns heavy Venezuelan crude oil. The [Hovensa oil refinery](#) has its own much checkered background concerning environmental violations.

The EPA has cited Hovensa with two violations in recent years concerning its production of petroleum coke, one for exceeding emissions of two air pollutants and one for installing equipment without the proper permits. Yet this was a small headache for Hovensa compared with its longtime project of having [to remove over 40 million gallons of oil](#) from the groundwater beneath the oil refinery that had spilled out of leaky pipes, making it one of the worst oil spills in U.S. history. For context, 40 million gallons of oil would completely fill 70 Olympic sized swimming pools and is roughly 4 times as much oil spilled by the Exxon Valdez offshore Alaska.

Residents of the Virgin Islands also complain of a [lack of transparency and public notice by local government agencies in the process](#) that resulted in the selection of Alpine that they say was rigged and unfair to other competitors who were proposing cleaner energy solutions.

Opponents point out the Request for Proposal originally called for non-oil based energy sources, and they further claim that only Alpine was informed they could use petroleum coke in their proposal. One of these other companies has filed a lawsuit and the citizens groups opposing the power plant have filed their own litigation.

Island residents also worry about the effect this power plant would have on the Island's image as their tourism industry is critical to the economic vitality of the Island. As one business owner in Bolongo Bay, just across from the proposed Alpine plant said, "This is about people who do not want to live downwind from a pet coke power plant! No tourists will ever come here!"

Alpine's proposal calls for directly passing through the unspecified fuel costs of petroleum coke onto the electric ratepayers of the Virgin Islands. While residents complain this project would not serve the public interest, it appears it would serve the financial interests of Alpine, Oxbow and Hovensa. The Alpine power project is being funded in part by Energy Investors Fund, of which Bill Koch is a Limited Partner.

### **Birds of a feather...**

Of course, here on Cape Cod, Bill Koch is best known for being Chairman of the Alliance to Protect Nantucket Sound, the well financed organization formed to fight the Cape Wind proposal to put America's first offshore wind farm in Nantucket Sound that would provide most of the electricity used on the Cape and Islands from clean wind power.

[Forbes Magazine](#) in their 2006 profile of billionaire Bill Koch as one of America's richest individuals described Koch's fight against Cape Wind this way:

"Koch has pumped in \$1.5 million to an anti-windmill group of which he is now chairman, commissioned several economic studies undermining the idea and assigned his lobbyists to torpedo the plan in Washington. Koch's stout opposition, of course, is almost a cliché: rich guy, who doesn't want his views ruined, takes a not-in-my-backyard position against a 130-turbine wind farm..."

[Cape Cod Today](#), the [Boston Globe](#) and the National Journal all have reported that Koch has used registered lobbyists for Oxbow to lobby federal agencies and Congress specifically against Cape Wind. Earlier this year, the [National Journal](#) reported that Koch has spent over \$600,000 on lobbying against Cape Wind through Oxbow. This figure is in addition to the \$1.5 million the Alliance to Protect Nantucket Sound has spent on lobbying, a group to which Koch has made substantial donations, according to Forbes and the Boston Globe.

According to the Cape Cod Voice, it was [lobbyists](#) working for Bill Koch who helped persuade Alaska **Congressman Don Young** to slip in language against Cape Wind in a 2006 Coast Guard bill that nearly outlawed the project in one fell swoop. This 'midnight rider' attached to a conference report drew so much outrage across the country as an example of lobbying influence undermining sound energy policy that the language was [eventually stripped](#) from the bill and the Cape Wind proposal could to continue to move forward in its permitting process.

Back on the US Virgin Islands, folks are also aghast that they might become home to a new power plant running on carbon rich petroleum coke that will emit substantial amounts of carbon dioxide (CO2) just as governments from around the world are meeting in Copenhagen to try to reduce emissions of CO2 responsible for climate change.

Here on Cape Cod, many residents are fed up with the delays to Cape Wind that Bill Koch and his allies are responsible for. Cape Wind is a clean energy project that would, according to the [Natural Resources Defense Council](#), be "the largest single source of supply-side reductions in CO2 currently proposed in the United States".

### **"Life ain't fair." - Bill Koch**

The activists on the virgin islands opposing the petroleum coke power plant and the activists here supporting America's first offshore wind farm in Nantucket Sound have a common challenge in having to face Bill Koch, but both groups appear determined to succeed.

If Koch, despite his best efforts, goes onto lose both battles he will perhaps recall his own adage, that 'life ain't fair' as he explained to the [St. Petersburg Times](#), "I've done a lot of sailing and, well, the rules aren't fair," said Bill Koch, "Well, life ain't fair", Koch continued.

This was Koch's explanation to those in Florida who were critical of Oxbow's use of a tax loophole designed for 'mom and pop' businesses that enabled West Palm Beach headquartered Oxbow Energy from having to pay any corporate taxes to the State. According to its website, Oxbow Energy has annual sales of over \$3.7 billion.

Here's a revealing extract from the St. Petersburg *Times*' article:

Koch acknowledges the quality of Florida's public schools is a problem. But he's dead set against making companies like Oxbow pay a Florida income tax.

After all, he says, he already pays a half-million dollars in property taxes on his 40,000-square-foot Palm Beach home, which was featured in the March 2002 edition of Architectural Digest magazine.

Giving money to the politicians is "pouring money down a rat hole," Koch said.

It's ironic that Koch's aversion to 'giving money to the politicians' in the form of tax payments to fund public services does not apparently apply to spending money on lobbyists who make donations to politicians in order to advance the interests of their clients.

Yet if the clean air activists on the Virgin Islands and Cape Cod do prevail in the end, they might well draw the exact opposite conclusion as Bill Koch, that life can indeed sometimes be fair, in a karmic sort of way.

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