



## Summary of comments to the WV Senate Economic Development Committee Ric Love, Interim Plant Manager, Century Aluminum, Ravenswood, WV

Aluminum is a global commodity, much like oil and gold. It is sold at a price that is established globally by trading activity on the London Metal Exchange (LME). Since 1990, aluminum has averaged about 70¢ per pound. The current price of aluminum exceeds \$1.10 per pound, but no one expects this situation to extend indefinitely.

Over the past 50 years, the Ravenswood plant has played an important role in the local and state economy – we employ 660 union and salaried workers. Our employees are “family-wage” earners with an average salary close to \$51,000 per year, and excellent benefits. The plant’s payroll totals over \$34 million annually.

We produce about 375 million pounds of primary aluminum each year – more than a million pounds a day! Most of our production goes to Alcan’s adjacent fabricating facility, the main application for this metal is the aerospace industry.

This is all done against a challenging cost structure. Eighty percent of our total production cost is associated with three items: alumina, energy and labor. Since the LME sets the price of aluminum and Alumina is typically priced as a percentage of aluminum, energy (one-third of our costs) and to a lesser extent labor, are the real cost differentiators in our business.

We have addressed the power issue by working with Appalachian Power and the Public Service Commission to create an innovative power cost structure linked to the LME. This contract has been key to our corporate decision to spend almost \$13 million in capital at this facility in 2008. This contract expires on June 30, 2009 and it is critical that we secure a similar long-term contract to allow the investment security to put more capital into this plant and extend its life in the volatile aluminum price cycle.

In addition, we continue to work on energy conservation through the IOF-WV contacts and WVU among others to achieve energy savings. IOF-WV is very active in offering business a forum to learn from each other, tie to government funding and bring in experts from other locations to assist in efficiency improvements along with energy savings.

Our second goal is providing a positive place to work while achieving cost competitiveness with our workforce. Since 1999, we have invested over \$32 million towards keeping our employees safe. This investment has paid off. Since 2002 we have cut our total recordable injury rate in half and we are still striving for our target of zero injuries.

Our third area of concern is the availability of creative and qualified people to work in our industry. We have worked with the Governors Guaranteed Workforce Training Program and are currently working with regional educational resources to develop qualified men and women who can assist our efforts at the plant. Skilled and creative people are critical to our long-term success.

In conclusion, the Ravenswood plant has survived this past half-century through a combination of innovation, creativity and hard work. The facility that exists today has resulted from 50 years of continuous upgrade and improvement. In 2008, we will be investing another \$13 million towards plant process, safety and environmental enhancements.

We request the Legislature’s support in the four specific areas:

- Helping to ensure the plant continues to have access to competitively priced electric energy
- Helping to achieve and maintain a positive work environment within systems that allow for a cost competitive workforce
- Helping to ensure that our educational system continues to supply skilled and creative workers
- Ensuring that West Virginia’s business climate remains productive and predictable

Of these four areas, our most pressing need is for a continuation of the innovative power contract that links our electricity tariff to the global price of aluminum. This type of contract is needed to ensure our continued competitiveness and to sustain long-term employment for the community.

Thank you.

This is the first in a series of articles summarizing the testimony before the WV Senate Economic Development Committee at the IOF-WV Day at the State Capitol on January 15, 2008.

### EVENTS

**Energy Cost Control: How the Money Works Online Seminar** sponsored by the Association of Energy Engineers is accepting registrations for the program beginning February 4, 2008. This seminar provides strategies for building organization-wide support for energy improvements. To register, go to [www.aeecenter.org/realtime/CostControl/](http://www.aeecenter.org/realtime/CostControl/)

**23rd Annual A.B. Brooks Forestry Symposium** will be held Feb. 6-7, 2008 at the Charleston House Holiday Inn in Charleton, WV. For more information, call (304) 372-1955 or (888) 372-9663.

**Creating a Sustainable Energy Plan Online Seminar** sponsored by the Association of Energy Engineers is taking reservations for the session starting Feb. 20, 2008. This seminar is designed to help you develop a systematic, process-driven approach to your energy program. For more information or to register, please long to [www.aeecenter.org/realtime/sep/](http://www.aeecenter.org/realtime/sep/)

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## Co-Funding Opportunities for IOF-WV Research Teams

<i>Announcement</i>	<i>Due Dates</i>	<i>Funding</i>
U.S. Department of Agriculture <b>National Research Initiative Competitive Grants Program</b> <a href="http://www.grants.gov">www.grants.gov</a>	Request for Proposals: Now Open Proposals Due: Dates vary- See Solicitation	\$190,000,000 in total funding is anticipated for FY 2008
U.S. Department of Energy <b>Solar America Initiative Market Transformation: Solar America Showcases FY 2008</b> <a href="http://www.grants.gov">www.grants.gov</a>	Request for Proposals: Now Open Proposals Due: March 12, 2008 June 12, 2008	\$1,000,000 in total funding is anticipated for FY 2008
National Science Foundation <b>Manufacturing Machines and Equipment</b> <a href="http://www.nsf.gov">www.nsf.gov</a>	Request for Proposals: Now Open Proposals Due: Full Proposal Window- January 15, 2008 to February 15, 2008	Estimated Funding: TBD
National Science Foundation <b>Biotechnology, Biochemical and Biomass Engineering</b> <a href="http://www.nsf.gov">www.nsf.gov</a>	Request for Proposals: Now Open Proposals Due: Full Proposal Window- February 1, 2008 to March 1, 2008	Estimated Funding: TBD

## WEBCASTS

**WEBCAST: Introduction to Compressed Air Software Tools** will be held February 18, 2008. This Webcast provides an overview of Compressed Air software tools used in SEN energy assessments. For more information and registration, go to <http://www1.eere.energy.gov/industry/newsandevents/events.html>.

**WEBCAST: Introduction to Compressed Air Software Tools** will be held February 25, 2008. This Webcast provides an overview of the Pumping System Assessment Tool (PSAT) used in SEN energy assessments. For more information and registration, go to <http://www1.eere.energy.gov/industry/newsandevents/events.html>.

**WEBCAST: Introduction to Process Heating Assessment Tool (PHAST)** will be held February 29, 2008. This Webcast provides an overview of Steam system software tools used in SEN energy assessments. For more information and registration, go to <http://www1.eere.energy.gov/industry/newsandevents/events.html>.

**WEBCAST: Introduction to Steam System Assessment Software Tools** will be held March 7, 2008. This Webcast provides an overview of Steam system software tools used in SEN energy assessments. For more information and registration, go to <http://www1.eere.energy.gov/industry/newsandevents/events.html>.

## Sign up today for a free energy assessment from the U.S. DOE

The U.S. DOE, through its **Save Energy Now Program**, is offering free industrial energy assessments for any facility that consumes at least 0.3 trillion (i.e., 300 billion) British thermal units (Btu) of combined energy per year, or its equivalent. Sign up today to save money on your company's energy bill and reduce emissions. **To apply, visit <http://www1.eere.energy.gov/industry/saveenergynow/> and follow the application instructions.**

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