

CANADA: Williams increasing PP production in Alberta with Canada's first PDH unit

Williams has announced that it has sanctioned construction of a propane dehydrogenation (PDH) facility in Alberta, Canada. The new PDH facility, the first and only in Canada, will allow Williams to significantly increase production of polymer-grade propylene from its Canadian operations. Williams is the only company in Canada currently producing polymer-grade propylene, a valuable petrochemical feedstock used in plastics manufacturing.

Williams' PDH facility in Canada will have the capability to initially produce up to approximately 1.1 billion pounds (500 kilotonnes) annually of polymer-grade propylene, with the opportunity to double capacity with a future expansion. The company estimates capital expenditures of up to C\$900 million to be funded with expected cash flow from its Canadian operation and international cash on hand. Pending appropriate permitting approvals, the PDH facility is scheduled to go into service in the second quarter of 2016.

Williams has selected Honeywell's UOP as the vendor to provide the UOP Oleflex™ process technology for the dehydrogenation process. The technology is environmentally superior because it uses a platinum-based catalyst system, as well as less energy and water than competing PDH technologies. Williams' PDH facility will be sited in close proximity to its existing Redwater fractionation plant near Edmonton, Alberta.

Williams plans to primarily use propane recovered from its expanding oil sands offgas processing operations along with local propane purchases as feedstock for the new PDH facility. It will convert the propane into higher-value propylene that will be transported to the U.S. Gulf Coast and sold to petrochemical producers. Plans are to sell the associated hydrogen byproduct in the Alberta market. Williams is also exploring development of new propylene markets for its production in Alberta.

The Redwater complex includes fractionation, storage and distribution facilities and is currently being expanded to produce approximately 5 million barrels of propane and 280 million pounds of polymer-grade propylene annually from offgas, in addition to other NGLs and olefins. The addition of the new PDH facility will vastly increase Williams' production of polymer-grade propylene. The company expects the new facility to produce one of the lowest-cost, PDH-sourced propylene feedstocks in North America.

"We're thrilled to be moving full-speed ahead on Canada's first and only PDH facility. The project fits strategically within Williams' operations in Alberta, leverages our expertise in propylene and adds further value to a byproduct of oil sands upgraders," said David Chappell, president of Williams Energy Canada. "Once operational, this new propane dehydrogenation facility will expand market opportunities for Canada, feed the demands of North America's growing petrochemical industry and allow for the creation of a new value chain in Alberta."

"We are extremely excited about this project on many levels," said Alan Armstrong, president and chief executive officer of Williams. "We expect the PDH facility to deliver a very attractive return on investment as well as provide a long-term natural hedge of the propane volumes we control in our Canadian offgas processing business. Our planned PDH facility will enable Williams to capture the full value between natural gas and polymer-grade propylene rather than just the value between natural gas and propane."

Source: Williams website, 18 Mar 2013

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