



**The Texas Institute for
the Advancement of
Chemical Technology**

EnergyPath Corporation



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**Study to Evaluate Nuclear Power as Alternative to Natural Gas Receives DOE
Financial Assistance**

College Station, TX -- Responding to high and increasingly volatile natural gas prices that have created economic turmoil and led to plant closings in the United States petrochemical industry, the Texas Institute for the Advancement of Chemical Technology (TIACT) announced today that it will receive financial assistance from the U.S. Department of Energy (DOE) in the form of a cost-shared cooperative agreement to investigate the feasibility of meeting the energy needs of industrial end users by the use of nuclear power.

“The production of basic chemical commodities such as ethylene requires the use of significant amounts of natural gas and electricity,” said Dr. Charles Holland, president of TIACT and emeritus professor of chemical engineering at Texas A&M University. “Manufacturers are getting whipsawed by high natural gas prices.”

Natural gas is an essential feedstock for petrochemical manufacturing. Because there is no alternative raw material that is equivalent to natural gas, higher prices for this feedstock make it more costly to produce everyday chemical commodities. The cost of electricity, the other key ingredient in the production of chemicals, is also affected by high natural gas prices because almost all of the new power plants built in recent years burn natural gas. Faced with global competition, chemical companies have been unable to offset these higher costs and the unfortunate result is that production is moving offshore.

Holland says that nuclear power is seen as a possible long-term solution to these problems.

“With DOE’s financial assistance and with contributions from TIACT members, we will be able to study the feasibility of building a nuclear plant to serve the needs of the petrochemical industry in a way that makes environmental as well as economic sense.”

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Holland also cites the growing need in the arid regions of the Southwest for fresh water and the needs of the chemical industry for hydrogen stocks as issues to be addressed in the study.

“We are fortunate to have the collaboration of experts from Sandia National Laboratories to evaluate the different technologies available and determine the economic and environmental advantages of each.”

William D. Magwood, IV, Director of DOE’s Office of Nuclear Energy, Science and Technology expressed satisfaction with the approach envisioned by the TIACT study. “The TIACT proposal demonstrates the type of proactive consortia approach that will be necessary to develop nuclear energy for the cogeneration of electricity, hydrogen, and process heat,” said Magwood.

The TIACT study will prepare the business and technical case for constructing a privately financed nuclear power plant to serve the needs of the general public and the chemical industry in particular.

EnergyPath Corp., a leading energy consulting firm, will prepare the technical and business case under Dr. Holland's direction. EnergyPath will study and evaluate issues related to the siting, licensing, financing, and construction of a new nuclear plant. EnergyPath has assembled a strong team that includes: Dr. John Wile of Economic and Management Consultants (E&MC), developer of the Electric Power Market Model; Dr. Geoff Rothwell of Stanford University, a recognized expert on the economics of nuclear power; and Value Analytix, developers of the world's most sophisticated financial and valuation software.

EnergyPath spokesman John Redding says, “The key to making the business case for a nuclear plant is constructing a balanced evaluation all the uncertainties...costs, market prices, the licensing process and so on...and still be able to confidently project a high rate of return. There are two parts to this study that are really fascinating. The first is the active involvement of end users and how that might influence potential owners and investors. The other is strengthening the business case by using some of the plant’s output to make fresh water and hydrogen, in effect making the nuclear plant a co-generator.”

The study is being funded in part by DOE and in part by the contribution of TIACT members and a broad range of other supporting organizations.

CONTACTS:

| *John Redding of EnergyPath at (408) 859-8900 or johnredding@nrgpath.com or Charles Holland of TIACT at (979) 845-3371 or cms5701@tamu.edu*