



MERC opens a new market

The oceangoing *Spruceglen* takes on coal at the Midwest Energy Terminal, at a berth more commonly occupied by lakers that move coal to domestic ports.

The product: low-sulfur coal from the Powder River Basin in Montana and Wyoming.

The American players: The Superior Midwest Energy Terminal, which is owned by Midwest Energy Resources Company (MERC), a wholly owned subsidiary of Detroit Edison Company and BNSF Railway.

The new Canadian players: Quebec Stevedoring (QSL) and Canada Steamship Lines (CSL).

The story line: After three-plus decades of serving customers on the Great Lakes, MERC is expanding its customer base not just beyond the Great Lakes — but clear across the Atlantic Ocean.

■ ■ ■

Partnering with Quebec Stevedoring's Beauport Sector dock in Quebec City, MERC is developing a seamless supply mechanism for customers of American coal in Northern Europe.

Together, MERC and its allied railroad in America, a Canadian marine carrier and a transshipment terminal in Canada now offer

a competitive package rate for all transport and dock services from the mines in the Powder River Basin through the Port of Duluth-Superior to transshipment operations in Quebec to final destinations in Europe.

Why? Because energy consumers in Europe want American coal.

"Midwest Energy Resources has been able to capitalize on the increased demand for U.S. low-sulfur coal in international markets," said Fred Shusterich, MERC president.

"The world wants U.S. coal, but there are capacity issues at U.S. coastal ports. Our new mechanism puts us one-third the ocean distance of the Gulf ports to Europe, so we are well positioned to be a strong player in what for us is a new market — the export market."

MERC's annual transshipment capacity has grown to 25.5 mil-

lion metric tons in recent years due to expansion and innovation. The company's prime customer is Detroit Edison and its Michigan power plants.

MERC also has developed a market in Canada. Those customers, however, have begun the transition from coal to renewables and natural gas. That has left MERC with excess capacity.

With that incentive, MERC sought new markets. "Obviously, no domestic customer for replacement business was going to materialize," Shusterich said.

So MERC went looking for customers beyond its borders. And there the customers were — an ocean away. "The stars and the planets lined up," Shusterich said, as essential rail, vessel and dock providers saw the new opportunity and quickly seized upon it.

Already MERC is seeing growth



Midwest Energy's coal-handling system is a model of efficiency. Here a 123-car unit train arrives with coal from the Powder River Basin. Two trains' full of coal will fill a Canadian laker for shipment to Quebec.

in its export operations. Shusterich had expected to ship one export cargo from Quebec to Europe this year; instead three MERC cargoes will leave North America — one for Rotterdam and two for Spain totaling approximately 350,000 metric tons. MERC already has orders on the books for 1.5 million metric tons for each of the next three years (2012-2014). Shusterich's goal is to expand that to 4 million tons per year by 2014.

"To slingshot to 1.5 million metric tons in coal exports by the end of next year is testimony to the ingenuity of our staff and the flexibility of our terminal, the mechanism and the Seaway," Shusterich said. "The Seaway truly is a global gateway."

Shusterich won't hear of letting

MERC relax under the lighter load of reduced domestic demand for coal. "We're volume-driven," he said. "We've always been. And it's our job to contribute to the Detroit Edison enterprise. Our contribution doesn't go to the Detroit Edison bottom line, but to its rate payers. We feel an obligation to them."

Beyond that, he said, "We've always been a leader in our energy field. I'm not comfortable with being anything less than that. We handle a valuable product, one that is in demand all over the world," Shusterich said. "Our rates are very competitive. We're working with innovative partner companies. Midwest Energy is going to continue to be an energy leader."

— by Larry Fortner



The *Birchglen* leaves Port with a cargo of coal, bound for the Quebec Stevedoring Beaumont Sector dock in Quebec City.

The mechanism

Here's how low-sulfur coal from North America finds its way to Northern Europe, with Midwest Energy Resources Co. serving as the invaluable driving link:

- The coal is mined in the Powder River Basin in Montana and Wyoming.
- It is transported by BNSF in MERC-owned 123-car unit trains to the Superior Midwest Energy Terminal and stored (probably not for long) on the ground.
- The coal, often after being blended, is loaded into CSL bulk lakers at MERC's 1,200-foot dock. (It takes just one MERC operator to run the loading controls.) It takes two trains' worth of coal to make a load in one of the CSL ships.
- The ship makes the six-day trip to Quebec Stevedoring's Beauport Sector dock in Quebec City. There, the coal is unloaded and stockpiled.
- Once four to five Canadian vessels have unloaded at the deep Beauport dock in Quebec City, enough coal is in supply to load a Panamax or Capesize ocean vessel.

With that, American coal is on its way to Europe. There's more where that came from. And MERC knows how to get it there.