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Thursday, September 9, 2010

Report criticizes 'clean' coal plant

Developer of Taylorville facility says legislature already answered the questions

BY RACHEL WELLS



The Illinois Commerce Commission is neither 'for' nor 'against' the Taylorville Energy Center – officially. But good luck finding anything project developer Tenaska can boast about in the agency's 45-page report on the "clean" coal facility's costs. Lawmakers are expected to use the report in their decision, perhaps as early as this fall, on whether to authorize the project to go ahead.

The ICC report says the cost is high, plans are evolving and the 2008 law that propelled the \$3.5 billion coal-to-gas project this far is unclear and anti-competitive. [See ["The dirty business of 'clean' coal,"](#) by Rachel Wells, Aug. 19.]

Yes, the cost is high, and, yes, the plans have changed, Tenaska agrees. That's the trade-off for a project that would help revitalize Illinois' coal industry and emit less carbon than conventional coal power plants. For a more complete picture, the company points to the full analysis performed by the ICC's consultant. "The ICC consultant's report validates Tenaska's technical approach, capital cost, rate impact projections and assessment of environmental performance," the company said in a press release following release of the ICC report.

Instead of sticking to simple cost analysis, the ICC looked at public policy issues already considered by the General Assembly when in 2008 it enacted the underlying law – the Clean Coal Portfolio Standard Law. That law laid the framework for requiring electric suppliers to purchase the Taylorville Energy Center's power at above market prices for a period of 30 years. "Many issues raised by the ICC are at odds with policy choices made by the General Assembly, with the support of Attorney General [Lisa] Madigan, in passing the ... Clean Coal Law," Tenaska says.

Tenaska says the high price of its proposed plant is the trade-off for reducing carbon emissions. And the company admits that plans continue to change – its sequestration options might now include tapping into a federally funded CO2 pipeline associated with Meredosia's FutureGen project. But that would only mean further cost savings, Tenaska consultant Dave Lundy says. Following the ICC's release of its report, U.S. Sen. Richard Durbin stepped in to express adamant support for the Taylorville Energy Center, referring to a potential link with FutureGen.

The ICC report analyzes the law's 2 percent rate increase cap only on residential and small business consumers. Without a similar cap for large businesses and manufacturers, the 30-year purchase agreements at above market prices "could stifle the competitive market and create significant adverse economic impacts," the ICC report states. The report suggests that the clean coal law is in conflict with past policy decisions aimed at increasing competition. Tenaska contends that large business customers currently have significantly lower rates than residential customers, a fact that won't change much even if the project hits the ceiling of its projected costs.

"A lot of these issues were discussed, deliberated and debated at great length for many months," Tenaska consultant Dave Lundy says. "The ICC wasn't a part of that process, but that doesn't mean they weren't considered."

The ICC also asks the General Assembly to clarify "clean coal." As used in the 2008 law, the term means a plant that uses "primarily" coal to produce energy. The Taylorville Energy Center at times would rely on natural gas rather than coal. The ICC wants the legislature to be more exact in describing the percentage of each type of fuel a "clean coal" plant must use.

Tenaska says the law is already clear. "'Primary' means 'primary.' It means 'mostly,'" Lundy says, adding that three-fifths of the project's fuel would be Illinois coal. He says the ICC has "raised ambiguity where none exists."

David Kolata, executive director of consumer advocacy group Citizens Utility Board, says the ICC's report is "fairly critical" of both the project and the 2008 law CUB helped shape. "I think they focus on issues other than residential and small businesses, which is our concern," he says, adding that he feels the law is "a reasonable approach" that satisfies his concerns.

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