

Our View: Don't aid natural gas plants at consumer expense

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Two other utility measures that made it quietly through the Legislature last session could have just as large an impact on utility customers as the current "automatic increase" plan.

The bills, now sitting on Gov. Pat Quinn's desk, would deal with natural gas rather than electricity costs and threaten to drive those expenses unnaturally higher. The governor needs to veto them both - Senate bills 1927 and 3388.

Essentially, they would help to spike wholesale prices of natural gas for customers statewide by forcing providers to purchase some of their supply from two plants now on the drawing board that are designed to convert coal into gas, beginning in 2015. Under the law, the prices utilities pay are passed along, without markup, to consumers. As such providers like Ameren aren't the bad guy here, as they make their profit on other charges.

The technological improvements represented in those plants may well be impressive, but this is not a hard call, as the legislation would require utilities to buy natural gas for homeowners and small businesses at prices dramatically higher than market rates. At one of the plants, those costs would be "more than double the current wholesale cost," according to a report in Crain's Chicago Business.

What does that mean for local pocketbooks? The Citizens Utility Board estimates that central Illinoisans could get hit with 6 percent increases annually - an extra \$50 to \$85 in a typical household, \$250 to \$300 for a small business. Chicago-area homeowners are likely to be even more upset when their bills arrive. CUB Director David Kolata says that guaranteeing these plants prices far higher than the natural cost over the next decade is "a ticking time bomb for residential customers."

Kolata is right in insisting on a level playing field: "You have to make (the process) competitively bid. How do you know you're getting a fair price if you don't?" All other power sources - wind and solar, for example - are expected, in fact required, to sell at competitive rates. In the end, the companies building these plants are in it to make a profit, something we trust they're capable of without artificial assistance. They're not entitled to an unfair advantage.