SNG-Nowlan-clean coal-1-7-11 (600 words)

"Clean coal" plant opposed by business

By Jim Nowlan

Business and labor have locked horns over a proposed new "clean coal" plant in downstate Taylorville. This past week the legislature defeated efforts to build a coal to natural gas to electricity plant that would create lots of energy, but at costs somewhat higher than at existing electricity generating plants.

Illinois is the Saudi Arabia of coal. Two thirds of the land area of the state covers commercially minable coal. There are more BTUs of energy locked in Illinois coal than in all the oil under the hot sands of Saudi Arabia. But mining the high-sulfur Illinois coal in an environmentally friendly manner has been a challenge.

Tenaska Inc. of Omaha, NE has sunk $35 million into what would be a $3.5 billion construction project that would produce enough energy to power 600,000 homes. The new technology would scrub out the sulfur and bury the carbon dioxide underground.

The legislation would require Illinois electric producers such as Commonwealth Edison and other power suppliers to buy the plant's electricity at a price set by the cost of operating the power plant. This is where the rub comes in, because business feels it would have to pay more for the power than it does at present, and that customers would end up paying higher rates.

For example, Exelon (parent of Commonwealth Edison and a major nuclear electricity generator) declared that it opposes "the Tenaska project because it would require Illinois electricity customers to pay nearly $300 million in subsidies per year to fund an unproven technology. . . .without price caps."

Tenaska needs the price guarantees to reassure investors that their bonds would be paid off.

Labor sees 2,500 constructions jobs and hundreds of permanent jobs mining the coal and producing the electricity.

In response to cost concerns, the chief House sponsor, Frank Mautino of Spring Valley, amended the legislation to require that Tenaska pay most of any cost overruns in building the plant and burying the carbon dioxide. Still, business is unconvinced.

Phil Gonet, president of the Illinois Coal Association, a proponent of the legislation, points out that all energy is likely to cost more in the future. "Comparing Taylorville's likely costs five years from now, when the plant would be completed, with today's power prices is not realistic," says Gonet.

Gonet also believes that more electric capacity will be needed in the future, as projected environmental rules will likely force many of today's coal burning plants out of business.

The legislation passed the House by a narrow margin in December. The Senate, possibly rankled by expectations that it vote quickly on a big, heavily amended House bill, has held the bill in committee. A vote is expected in the short, end-of-biennium legislative session in early January.

The larger issues have to do with the use of coal in the future, electric power capacity, the efficacy of new technologies for cleaning coal, higher energy bills for costconscious business and industry, and re-regulation of electric power (by requiring companies to buy electricity at set prices rather than from the marketplace).

Coal is abundant in the U.S. and we as a nation are dependent upon it for a big part of our energy needs. There is no adequate substitute for coal available at present. Solar and wind, for example, will supply only a small fraction of our energy needs, certainly in the near future.

Nuclear power is a possible long-term substitute, yet it will be years if not decades before new nuclear power is online. Yet additional electric capacity will be needed in the years to come to replace power plants going off-line and to meet our voracious energy consumption demands.

Coal will be used in the future, thus better to try the latest technologies to make it as environmentally friendly as possible, even if we have to pay a little more for the power.