Progress Toward Clean Coal Plant Continues

The State Utility Forecasting Group says Hoosier energy demands are increasing by 500 megawatts per year. Or, in layman's terms, enough power for more than 178,000 homes (residential is the fastest growing sector of increased energy usage, although reliable supplies for job-creating business expansions are essential).

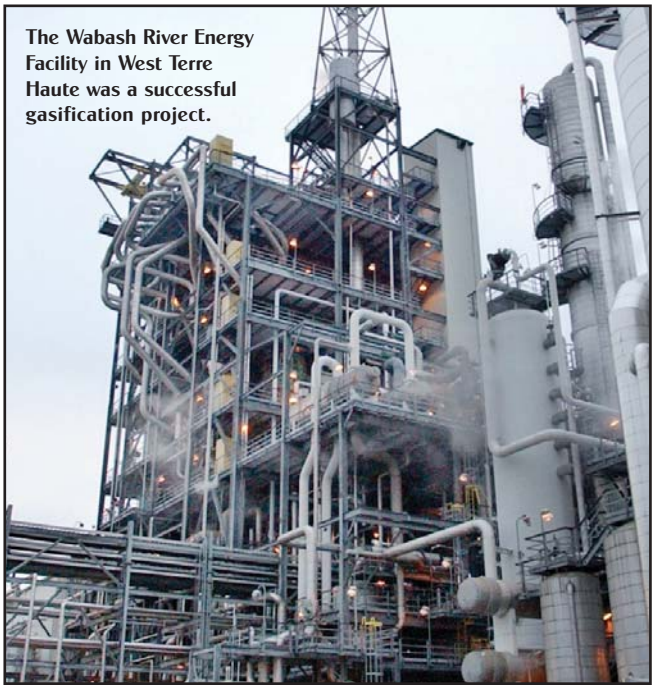
Two companies, Duke Energy Corporation and Vectren Corporation, have partnered on a project proposing the use of more environmentally friendly coal power to help meet those energy needs.

A July/August 2005 *BizVoice*® article detailed Cinergy's (now Duke Energy) preliminary investigation into converting the company's Edwardsport coal-generated power plant, the oldest of its kind in Indiana, into a cleaner burning, 630-megawatt integrated gasification combined cycle (IGCC) operation. Today, plans for a possible IGCC plant continue as nearly 95% of Indiana's energy is still derived from coal.

"Coal is an abundant, homegrown resource that, if burned cleanly, has tremendous economic advantages for our state," reminds Angeline Protogere, spokeswoman for Duke Energy. "The amount of coal this plant would require would necessitate a mine and create great potential for an area of the state eager for economic development and capital investment."

Regulatory process

Currently pending is a review by the Indiana Utility Regulatory Commission to determine if this particular plant is best suited to help meet state energy needs. Part of this review consists of evidentiary hearings, which were scheduled for the middle of June. The one-week hearing was to be followed, at a later date, by rebuttal hearings featuring plant opponents. Duke and Vectren are also waiting on an air permit from the Indiana Department of Environmental Management – which requested more data than what was submitted in the original application last fall. Duke plans to provide the additional information this summer.



The Wabash River Energy Facility in West Terre Haute was a successful gasification project.

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The decision of whether or not to build the plant, if all approvals are granted, is not yet final. Nevertheless, Duke Energy is currently making arrangements for a potential rail line extension to service the Edwardsport site, and approximately $470 million in total tax abatements have already been approved. The project's estimated $2 billion investment exceeds that of two current Indianapolis projects (airport midfield terminal, $1.1 billion; and Lucas Oil Stadium, $675 million) and nearly equals the estimated $2.2 billion expansion of Interstate 69 from the state's capital to Evansville.

The proposal has also received support from local residents as well as some less likely sources. Several environmental groups, including the Clean Air Task Force and the Indiana Wildlife Federation, support the project as an alternative to current coal power plants. Other environmental entities are not supportive of any coal plant and have come out against the proposal.

Potential benefits

The IGCC plant would generate four times the power of the existing Edwardsport facility with fewer total sulfur dioxide, nitrogen dioxide and mercury emissions. The IGCC process also reduces carbon emissions 45% per megawatt hour while offering the possibility of removing carbon dioxide with pending advances in sequestration technology.

Another advantage of IGCC is the ability to use a greater percentage of Indiana coal. Much of the coal powering current facilities is imported from other states. This is due to the high sulfur content of Midwest coal making it less practical for traditional processing. The inefficiency is actually reversed with IGCC, making Indiana coal more desirable than the imported variety. Mining the necessary coal in Indiana, a real possibility with IGCC plants, would create an estimated 18,000 jobs and add $1.3 billion to the state's economy.

Protogere reports the company is looking to make a final decision regarding the plant by the fourth quarter of this year. Vectren would then have the option of deciding if it will invest and take part ownership of the facility. Should the plant become a reality, it would be one of the first commercial-scale IGCC plants built in the U.S. Ongoing operations would create approximately 100 jobs following an average of 800 to 900 workers being employed over an estimated three-year construction phase.

To view the July/August 2005 *BizVoice*® article on clean coal technology, go to the archives section of www.bizvoicemagazine.com

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