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### **Great Falls' Rush to Coal for Electricity**

Great Falls is known as the Electric City because of the concentration there of hydroelectric facilities along the Missouri River. Those hydroelectric dams, that helped industrialize Western Montana in the early 20<sup>th</sup> century, were built there, as the city's name makes clear, because of a 20-mile reach of the Missouri that was dominated by five waterfalls and steep rapids. It was here that Lewis and Clark had to pull out all of their boats and gear and drag it twenty miles around those falls and rapids. Since 1966 the remnants of that Lewis and Clark portage site have been recognized as a National Historical Landmark.

Now, however, the City of Great Falls and a group of rural electric cooperatives want to build a coal-fired generating facility, the Highwood Generating Station, adjacent to that portage site. The open farmland would be converted into an industrial site complete with a tall smokestack, a railroad spur, coal chutes, transmission lines, water and waste water mains, and various buildings and maintenance yards. From that smoke stake will come tons of greenhouse gases as well as particulate pollution scattering the light and obscuring the view as well as mercury and other pollutants.

The justification that Great Falls has offered for building this coal-fired facility on the banks of the Missouri, adjacent to the Lewis and Clark National Historical Landmark, is that buying a share of the Highwood plant will stabilize electric prices at relatively low levels and that will contribute to economic development and improved local economic well being. Great Falls sought to get the cities of Missoula and Helena also to buy into this facility, but they wisely refused.

If building a conventional coal-fired electric generator assured customers of low and stable electric prices, every utility in the region and around the nation would be planning to build such plants. But that is **not** what utilities have been doing. During 2007 53 coal-fired plants in 20 states were canceled or delayed. The primary cause of this move away from coal for electric generation was the uncertainty about what the impending regulation of carbon emissions would do to the cost of electricity from coal-fired plants. In addition, the cost of building the plants and the cost of the coal itself have also been rising steeply. This has created the potential that coal will become the highest cost source of electricity rather than the lowest. If, for instance, the carbon dioxide emitted by a coal-fired plant had to be captured and sequestered, the cost of coal-fired electricity has been estimated to be above that of nuclear power and natural gas plants even after the expected escalation in natural gas prices is taken into account.

Those uncertainties about what coal-fired electricity will actually cost recently led PacifiCorp to cancel two coal plants in Utah. In Nevada, Sierra Pacific decided to delay building a coal plant and, instead, move up a planned natural gas plant in the schedule. In NorthWestern Energy's newly released electric supply plan for Montana, there are no new coal plants planned. NorthWestern is not alone in steering clear of coal for now. Avista Utilities in Idaho and Washington, Puget Sound Energy in western Washington, and Portland General Electric in Oregon have also put a hold on any development of new coal-fired generators until the risks and uncertainties about the true costs associated with coal-fired generation have been clarified. It is not just the electric utilities that are worried. The financial markets to which the utilities would have to turn to raise the money to build new generators are also skittish about investing in risky coal.

The Great Falls and rural co-op proponents of the Highwood plant, inexplicably, think they and their customers will not be exposed to that risk. That is a dangerous fantasy.

But the risks associated with the costs that the imminent regulation of carbon emissions will impose is just one of the financial risks that the captive customers who are forced to take power from this plant would face. If Great Falls forms an electric utility around this plant, it will serve its customers exclusively from just this one source of power. As the history of thermal-electric plants such as Colstrip in Montana and Coyote Springs 2 in Oregon demonstrate, generators can fail for extended periods of time forcing utilities to turn to other sources of generation. If the utility has no other sources, it is forced to go into the market and pay whatever is necessary to serve its customers' needs. The Highwood Plant is also much too large for the customers that Great Falls and the co-ops have lined up. As a result, those utilities will count on paying for the plant by selling large quantities of electricity into volatile regional electric markets at unknown prices.

None of this suggests that the proposed power plant will provide electricity at low and stable electric rates to its customers. It is highly likely to do the opposite, imposing a serious economic burden on customers and the region in the process. In addition it will add to the global warming problem rather than moving in the direction of mitigating it. Finally, it will trash a remarkable part of Great Falls' historical heritage.

One has to ask, what's the point? Why are Great Falls' political leaders committed to this risky proposition just when utility leaders are stepping back from coal? It may take financial markets to sober those political leaders up and put an end to this economic and environmental gamble.