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Why Was the Highwood Coal-Fired Electric Generating Station Abandoned?

The Republican leadership in the Montana Legislature is up in arms over the decision by the Southern Montana Electric Cooperative to abandon plans to build a coal-fired electric generator outside of Great Falls. The complaint is a familiar one: Montana's environmental laws protecting air and water quality and our regulations assuring public participation in government decisions are too strict and burdensome. Radical environmentalists take advantage of those laws and block the development and use of the plentiful coal supplies Montana has.

Just as familiar are the Republican's proposed solutions: Gut still further Montana's environmental laws and block the public from appealing government environmental decisions. A whole raft of new bills has been introduced into the legislature to do this. Once we shackle these pesky citizens and make Montana's land, air, water, and climate more freely available to coal developers, the Republicans believe a Montana coal boom will blossom and we will be able to produce, use, and sell as much coal as Wyoming currently does.

For those who have followed the saga of the Highwood Generating Station, this version of what happened is simply incomprehensible because it completely ignores the economic forces that have been working against the Highwood Station from the start.

First, dozens of coal-fired electric plants have been abandoned by their developers across the United States over the last two years. The explanation has been straight-forward economics. Utilities know that greenhouse gas emissions are about to

be regulated in the United States as we join the rest of the world in recognizing the reality of global warming. Given that coal is our most greenhouse gas intensive fuel, that impending regulation is going to boost the cost of coal-fired electricity. No one knows at this point how this will affect the viability of coal as a source of electricity, so developers are pulling back from coal, waiting for some of the uncertainty about carbon regulation to be clarified.

Second, more and more states are imposing limits on the carbon footprint associated with sources of electricity. California took the lead on this, effectively banning the importation of coal-fired electricity unless the carbon dioxide emissions were captured and sequestered. Other west coast states have followed suit, effectively eliminating the largest markets for electricity in the West. Other states around the nation are engaged in similar reviews of coal-fired generation. Michigan, for instance, has put a moratorium on new coal-fired plants and Georgia is considering doing the same. Clearly this is not a Montana phenomenon driven by weird Montana citizens and laws.

Third, given this uncertainty about the economic viability of coal-fired electric generation, financial markets, already under stress from the developing financial meltdown, pulled back from lending money to build coal-fired plants. The developers of the Highwood Plant were refused funding by the federal government and were still going hat in hand from one financial institution to another when they finally threw in the towel.

Fourth, because of worldwide shortages of basic construction materials, the cost of new coal-fired generators was rising steeply. The projected cost of the Highwood

plant had doubled and no one knew what its ultimate cost would be. Some of the participating rural electric cooperatives already faced rebellion by their customer-members as electric rates had to be increased dramatically to cover the initial costs of the Highwood plant.

Republicans are supposed to be the more business-oriented of our two political parties, but business common sense seems to drain away from them once they get caught up in their hypnotic chant about extracting Montana's resources. They seem to believe that if there is a lot of stuff in the ground, it should be pulled out of the ground and used for something no matter what the cost or, even, whether there is a market for that stuff.

So they wanted the federal government through the Air Force to build and operate a coal to liquid fuel plant at Maelstrom Air Force Base, all at tax payers' expense. Fortunately the Air Force concluded that the technology was not economically viable.

Wyoming's much larger-scale development of coal, ten times that of Montana, is regularly used by Republicans to prove that Montana environmental laws and radical environmental activists have effectively strangled coal development here. They conveniently ignore the basic economic fact that coal transportation costs are the primary determinant of the cost of coal to distant utilities. Those transportation costs give Montana a cost advantage only in reaching the northern tier of Rust-belt states: Minnesota, Wisconsin, and Michigan. Wyoming has the transportation cost advantage in reaching most of the faster-growing Sunbelt states. Montana coal also has other cost

disadvantages including thinner seams, deeper overburden, as well as higher sulfur and sodium content.

Those in the legislature who want to reduce the public oversight of the potential impacts of burning coal on our air, water, land and climate are clearly on the wrong track. At this point in time, “clean coal” is simply a fantasy. Coal is dirty in its production whether using mountain top removal or strip mining. Coal is dirty when it is burned, not only threatening climate stability but also pumping out mercury, sulfur oxides, and fine particulates that threaten our health. Other waste products from the combustion of coal are also toxic as show by the pollution of ground water and household wells in Colstrip, Montana, and the release of a billion gallons of toxic fly ash slurry at a TVA plant in Tennessee.

Rather than trying to fix the very real problems that are leading Americans, including American businesses, to turn away from coal, Republican leaders simply want to force Montanans to suffer the environmental consequences associated with dirty coal while also forcing Montanans to carry the economic burdens of that increasingly expensive energy source.