Company Suspends Plan for New AR Power Plant

KELLY P. KISSEL,Associated Press

LITTLE ROCK, Ark. (AP) — Amid criticism from environmentalists, a power plant developer said Monday it would suspend plans for a new coal-fired unit in northeastern Arkansas for at least five years and stop efforts altogether to build a facility in southern Georgia.

LS Power Group of New York said it had reached an agreement with the Sierra Club to temporarily halt its effort to build a 665-megawatt Plum Point II power plant near Osceola, Ark., north of Memphis, Tenn., and permanently give up plans to build the 1,200-megawatt Longleaf Energy Station near Blakely in far southwestern Georgia.

"We've agreed not to resubmit plans for at least five years," LS Power representative George Sciencki said Monday evening after the Sierra Club's announcement. "The intent at Plum Point is a five-year hold." He said poor market conditions made it easy to agree to the delay.

But Glen Hooks, spokesman for the Sierra Club in Little Rock, said the delay is as good as a death sentence for the Arkansas plant.

"It's effectively the same thing," Hooks said. "No matter what kind of spin they want to put on it, this plant is not going to be built."

Environmentalists have long targeted coal-fired plants, saying their emissions can foul broad areas downwind. Hooks said tight federal regulations, particularly on mercury emissions and haze, would make it too expensive for anyone to operate a coal-fired plant.

"They will force these plants to spend hundreds of millions of dollars," Hooks said.

Another 665-megawatt unit at Osceola, called Plum Point, began operating last year using pulverized coal from Wyoming. It was built at a cost of $1.3 billion and opened under ownership of an insurance company, a collection of municipal utilities and a Houston-based holding company.

The head of the city-owned Conway Corp. utility told the city's Log Cabin Democrat newspaper for a story to be published Tuesday that he was not surprised the Osceola plan was on hold. Conway Corp. CEO Richie Arnold said his city was considering buying power from the Missouri Joint Municipal Electric Utility Commission, which would have been a co-owner of the plant.

"We're not surprised that the project's on hold," Arnold told the newspaper. "We've not seen any activity toward development of the plant in the last 18 months." He also cited upcoming regulations and market risks for the delay.

The slightly smaller John W. Turk plant being built by SWEPCO in southwestern Arkansas is to have a capacity of 600 megawatts, making it capable of powering 300,000 to 450,000 homes, depending on the time of year. The Sierra Club and other groups are fighting its construction.

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