

Consumers Energy drops plans for coal-fired plant

JOHN FLESHER - AP Environmental Writer - Associated Press

After putting the project on hold last year, Consumers Energy said Friday it was canceling plans for a new coal-fired power plant and also would phase out seven of its smaller generating units that burn coal.

The Jackson-based utility had announced the 830-megawatt addition to its Karn-Weadock complex near Bay City in 2007. When applying for a state air quality permit two years later, Consumers said it needed a new coal-burning unit even though most of its expected growth in demand over the coming decade could be met by developing renewable energy sources and boosting efficiency.

But the utility switched gears in 2010, delaying the project because of a recession-driven slump in demand for electricity, surplus generating capacity in the Midwest and lower prices for another fuel: natural gas. Now, Consumers is abandoning it for good.

Environmental groups that fought the coal project welcomed its demise.

"Michigan can breathe easier knowing that a huge, polluting and unneeded coal plant will not be built," said Cyndi Roper, director of Clean Water Action Michigan.

Consumers also said it would spend \$1.6 billion on technology to reduce emissions at its five primary coal-fired units, including three at Campbell Generating Complex near West Olive and two at Karn-Weadock.

"We expect these substantial investments will create more than 2,000 construction jobs in Michigan and provide significant emissions reductions that will continue our ongoing efforts to help make Michigan's air the cleanest it has been in generations," said John Russell, president and CEO of Consumers, which has 1.8 million electricity customers.

No improvements are planned for seven smaller coal-burning plants. But Consumers said those units were targeted for shutdown — probably by Jan. 1, 2015. They include the J.R. Whiting Generating Complex near Luna Pier, two units at the B.C. Cobb Generating Plant in Muskegon, and two units at Karn-Weadock.

The closures and the cancellation of the new plant should reduce Consumers' air emissions by 90 percent, the utility said.

Russell said customers "can count on us to make sure we have enough power to meet their needs" and new plants might be constructed in the future.

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Consumers began work on a 100-megawatt wind power farm in Mason County last month that should begin producing power late next year. A 150-megawatt wind farm under development in Tuscola County is scheduled to enter service in 2015, the company said.

The Michigan Environmental Council urged the state Public Service Commission to review Consumers' plans for upgrading its large coal units.

"We need to carefully examine any new investment in a plant built 50 years ago and decide whether that is the best use of ratepayer dollars," said David Gard, the group's energy program director.

A rewrite of the state's energy law in 2008 provided that no more than 10 percent of the electricity used in Michigan could come from out-of-state marketers, who want the ceiling raised. Consumers Energy spokesman Jeff Holyfield said the company still needs the 10 percent cap, which guarantees enough business to make the investments in cleaner technology affordable.

A group called the Customer Choice Coalition, which represents smaller energy suppliers, said the 2008 law is keeping Michigan's rates artificially high by shielding Consumers and DTE Energy Co., the state's two biggest utilities, from competition.

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