Illinois EPA Rejects Coal-to-Gas Project's Permit

ST. LOUIS (AP) — The state environmental agency has denied a permit request to build a $2 billion plant to convert coal to synthetic natural gas in southern Illinois, further clouding prospects for the clean-energy project already more than six years in the making.

The Illinois Environmental Protection Agency told developers Power Holdings LLC in a May 29 letter that the group had not provided required details about emissions, air-quality analysis and other matters in the proposed plant near Waltonville in Jefferson County.

The agency said Power Holdings can reapply for the construction permit, which the developers' first sought in February.

Power Holdings' chief executive Bob Gilpin did not respond to phone messages seeking comment Tuesday morning, and emails to the group were not immediately returned.

Illinois lawmakers and Gov. Pat Quinn signed off on the project last summer, ensuring a market for the company's synthetic gas by requiring utilities to buy it at a set price for a decade. The plant would use at least four million tons of the state's high-sulfur coal each year, Quinn's office said, while trumpeting the possible creation of more than 1,600 construction and permanent jobs.

"This important project will help revive the coal industry in southern Illinois while ensuring that Illinois remains a leader in the development of state-of-the-art, clean energy facilities," Quinn said in signing the legislation into law last August. "We must continue to do everything we can to strengthen the state's ongoing economic recovery through projects that create jobs while safeguarding the environment and protecting consumers."

At that time, Quinn's office said Power Holdings would use "ultra-clean" coal-gasification technology to remove harmful gases and "set a new standard for commercial energy projects by capturing and safely storing more than 90 percent of the plant's carbon emissions."

According to Power Holdings' website, developers hoped to break ground on the plant this year, put it through testing by the end of 2013 and have it commercially operational in 2014.

Critics including the Sierra Club have opposed the plant, worried that its emissions would harm the environment.

Messages left Tuesday with the Sierra Club were not immediately returned.

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