PPL Montana to mothball coal-fired plant in 2015

MATTHEW BROWN - Associated Press - Associated Press

Market forces and environmental regulations that are driving a steady decline in coal-fired power generation across the U.S. have prompted PPL Montana to mothball a 154-megawatt coal plant in Billings, company officials said.

The 44-year-old Corette plant will shut down indefinitely in April 2015, PPL spokesman David Hoffman said Thursday. That's when new federal pollution rules kick in that Hoffman said would have cost the company $38 million in upgrades.

The announcement comes as coal fired generation is on a steep decline across the country, with 57 plants generating a combined 8,990 megawatts expected to retire this year, according to the Energy Information Administration. Competition from cheap natural gas is one of the primary reasons as many electric companies and utilities abandon older, less-efficient coal plants in favor gas plants.

Subsidies to wind power projects also have put coal at a disadvantage, and the company already had been forced to idle Corette for three months this spring, Hoffman said.

"We have not seen prices this low in a long time," he said.

Power from Corette was sold into the broad Northwest power market. Hoffman said there will be plenty of additional generating capacity to make up for its loss in 2015, including 5,000 to 6,000 megawatts of wind power that has recently come online or will soon.

No changes are planned for another PPL coal plant in Colstrip. The 2,100-megawatt plant, co-owned by five companies and operated by PPL, is the second-largest coal-fired plant west of the Mississippi. Hoffman said two of the Colstrip plant's four power generation units do not need to be upgraded for the new pollution rules, and upgrades for the other two will be less expensive than for Corette.

PPL Montana will maintain its operating permits for the 35-employee Corette plant in case circumstances change. That could come from a rebound in energy prices or a reversal of the looming Environmental Protection Agency rules on emissions of small pollution particles from coal plants that cause haze in the air and health problems in people, Hoffman said.

But Anne Hedges with the Montana Environmental Information Center, one of many groups that have called for even tougher coal plant pollution restrictions than those proposed by the EPA, said it was inaccurate to blame government regulations for the decision on Corette.

"Blaming it on EPA is ignoring all the market forces they are very well aware of,"

Hedges said. "This is a business decision to the core. They just can't compete in the modern market."

Hedges added that PPL deserved praise for making its announcement so far ahead of time, which Hoffman said was done as a courtesy to the plant's workers.

The plant burns about 700,000 tons of coal annually from an unspecified mine or mines in the Powder River Basin of Montana and Wyoming, the largest coal producing region in the country.

PPL paid $3.4 million annually in property taxes on Corette, a figure Hoffman said should drop significantly once the property is re-assessed after it is closed. More than half of those taxes go to Yellowstone County and the remainder to the state.

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