BUSINESS

Tim Landis, business editor: 788-1536 tim.landis@sj-r.com

THE STATE JOURNAL-REGISTER • SPRINGFIELD, ILLINOIS

ASDAQ 2,264.56 ▼23.69 S&P 500 1,106.13 ▼7.71 AMEX 1,899.57 ▼16.53 NYSE 6,999.18 ▼45.81 RUSSELL 2000 650.76 ▼11.41

Panel: Energy plant risky for ratepayers

Regulators want to meet both sides of coal-to-gas proposal

By TIM LANDIS
BUSINESS EDITOR
tim.landis@sj-r.com

State regulators are concerned that a proposed coal-to-gas energy plant near Taylorville carries too much risk for ratepayers and could discourage power-market competition.

But members of the Illinois Commerce Commission also want a meeting with supporters and opponents of the Taylorville Energy Center before sending a report to the state legislature on the feasibility of the $3.5 billion project, a commission spokesman said Wednesday.

The report is due by Sept. 2 for a project supporters say will create hundreds of central Illinois jobs.

"They want to bring in all the players and talk to them before they finalize the report," said ICC spokesman Brian Sterling.

Sterling said commissioners are worried that customers of the state's two largest electric utilities — Ameren Illinois and Commonwealth Edison — will bear much of the risk for the project. He added that they are concerned the higher cost of electricity from the plant would discourage independent marketers from selling power in the state.

FIRST IN PRINT

"At a time when you're trying to grow competition, the commission has major concerns about what that would do to alternative suppliers," Sterling said.

A state law that would require power suppliers, including Ameren and ComEd, to sign 30-year contracts for power produced at the Taylorville plant limits residential rate increases to 2.015 percent, but there are no limits on rates for electricity sold in the competitive market.

There is only limited competition in the residential market, but many Illinois businesses purchase power from the alternative market.

Kevin Wright of the STOP Coalition said the organization, which represents alternative power marketers, has many of the same concerns as commission members.

"The overwhelming burden of this project falls on consumers and on the competitive power markets," Wright said.

Tenaska Energy representatives said they are confident the issues can be resolved in time to get a report to the General Assembly this fall.

"They asked questions about cost and rate impact. They also expressed some views about competition, that it's something to be concerned about," said Tenaska vice president Bart Ford, who was in Springfield for Wednesday's meeting.

Tenaska announced this week the company has been approved for a $417 million federal tax credit for the project, in addition to a $2.6 billion federal loan guarantee announced last year. But the project must get final approval from state lawmakers before construction can begin.