



[←--back to story](#)

Resident: Time to move ahead

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ESCANABA — A local resident voiced concern Thursday that higher coal prices are part of a larger issue facing the city — finding a long-term source of reliable and cost-competitive electric power.

Glendon Brown, a member of the Electric Advisory Committee (EAC), discussed the issue during public comment period at Thursday's city council meeting.

"Escanaba needs to move ahead in the decision-making process to select our best future power supply option," Brown told council.

The city is facing higher coal prices and is being forced to purchase coal elsewhere because a coal mine used by the city's supplier is going bankrupt. (See related story.) The city also has been looking into other options for its 50-year-old plant, including shutting it down and buying power wholesale.

Brown said the recent evaluation of future power supply options for Escanaba found two full supply proposals that would provide electric power cost savings of \$20 million to \$30 million during a 10-year period compared to continuing operation of the existing plant.

"Implementation of any full-service option to provide power cost relief is at least three years away in the future due to the notification terms of the power plant operating agreement with (the Upper Peninsula Power Co.)," he added. "Our hands are basically tied for three years."

Another option being considered by the city is buying some energy and converting the plant to burn biomass to make energy.

"We also need to quickly finish exploring the economic feasibility, in conjunction with various parties, on converting our existing power plant to biomass fuels for exporting power to the higher-priced renewable energy market in Wisconsin," Brown said.

Michigan may also enact renewable energy portfolio standards, also known as RPS, providing a renewable energy market in Michigan.

"Today that market doesn't exist," he said.

Gov. Jennifer Granholm has proposed 10 percent of the state's power be required to come from renewable energy by the end of 2015.

"Escanaba's electric power supply today primarily depends on one inefficient power plant using 1950's technology," Brown said, adding that the city power plant uses 68 percent more BTUs of fuel to produce a kilowatt compared to the new large-scale power plants being built in Wisconsin.

"Even before the rate increases that these new higher coal prices will require, Escanaba's electric energy charges were higher than other regional communities like Marquette, Menominee and Sturgeon Bay," Brown said.

"In addition, Gladstone's rates should drop dramatically in 2010, relative to Escanaba, when Gladstone obtains full membership in the Wisconsin community-owned utility Wisconsin Public Power Inc.," he said.

The EAC is scheduled to meet with city council in a joint meeting at 6 p.m. Wednesday. The agenda includes the power plant capital improvement plan. Brown is hopeful the city's energy options will also be discussed.

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