

City council continues to look at electric options

By Jenny Lancour - jlancour@dailypress.net

ESCANABA — As the city of Escanaba discusses how to meet future energy demands, it will begin considering proposals from power suppliers. The Escanaba Electric Advisory Committee (EAC) was updated on these latest developments by the project's outgoing manager Wednesday.

Gilbert Cheves signed a contract with the city 13 months ago to manage a feasibility study of Escanaba's energy options. Wisconsin Public Power Inc. (WPPI), a power supplier, entered into a cost-sharing agreement with the city to help pay for the study that recommended a 300-megawatt facility be built at the existing power plant property.

When WPPI bowed out of possibly partnering with the city to build a new plant, the city's options were narrowed because it would be too costly for Escanaba to build the huge plant on its own.

WPPI changed its mind on the potential partnership because of recent market changes offering the company long-term wholesale power purchase agreements of \$55-\$65 per megawatt hour compared to the \$95-\$120 estimated cost to generate power via a 300-megawatt plant seven to 10 years from now. Pending emissions regulations and lack of other partners in the project were also factors in WPPI's decision to withdraw.

The city continues to look at its other options because its power plant is outdated and inefficient by today's standards. It could purchase power wholesale and retire its plant. Another option is to purchase power wholesale in conjunction with a plant upgrade. Other alternatives include burning a less expensive coal or generating energy with biomass, which would both require modifications to the plant.

Cheves continues to recommend the city consider making best use of its power plant along with buying energy wholesale.

"I believe the city has a great asset in this power plant... Keeping it provides reliability and stability," he said, adding this option should be "seriously weighed" against the cost of buying power wholesale.

"If Escanaba can partner with an energy supply entity, which would allow for both wholesale power purchase and the continued best utilization of the existing plant, this option would provide for the best long-term power supply option for the city," Cheves stated in his report to the EAC.

"However, the cost of energy must be close to the cost of a ... wholesale purchase program to provide regional power cost competitiveness to the Escanaba customers," he stressed in his report.

"The process has started. We are actively engaged with three power companies," Cheves informed the EAC, adding proposals will be reviewed to find the "best deal" for Escanaba.

A team of city representatives will consider energy proposals from WPPI, Wisconsin Public Service (WPS) and WE Energies. The group is made up of Cheves, EAC members Ann Bissell, Ron Beauchamp and Tim Wilson, council member Tom Warstler, Electric Superintendent Mike Furmanski and City Controller Mike Dewar.

Cheves said he would continue working with the group but his status would have to change from a consultant to a volunteer. He also volunteered to fill the vacant EAC seat, formerly held by Pete Baker, whose term expired. Cheves said he is also available if the city needs him for additional consulting work. Cheves is president of Construction Consultants of Michigan, Escanaba.

Cheves also recommended the city continue conducting public forums to keep citizens updated on the energy process. "This is going to be a big choice," he said.

Cheves informed the EAC a financial report on the energy project to date will be presented once all costs are closed out with the feasibility study.

During the update of the city's energy option process, the EAC also decided to request a report of the recent lightning strike at the plant resulting in more than \$1 million in damages. As repairs take place through mid-August, the city is purchasing power for \$90 per megawatt from Upper Peninsula Power Co. (UPPCO), said Furmanski. UPPCO, a subsidiary of WPS, operates the plant.