

Power study put on hold



Gilbert Cheves

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ESCANABA — Part two of a study to build a new power plant in Escanaba has been put on hold as the parties involved consider what's economically best, according to the city's project consultant.

Escanaba and Wisconsin Public Power Inc. (WPPI) have been working on a possible partnership to build a new power plant on the city's existing property. WPPI is a non-profit municipal electric utility serving 48 municipal utilities, supplying electricity to more than 185,000 customers in Wisconsin, Iowa and the Upper Peninsula.

The city and WPPI recently received part one of a feasibility study by Sargent & Lundy, LLC, of Chicago, which recommended construction of a 300-megawatt coal-fired plant as the most economical way to go. Part two would be a feasibility study on developing this specific sized plant.

"We're going to put the phase two of the 300-megawatt study on hold until both parties can come to an agreement on how to move forward," said project consultant Gilbert Cheves on Friday. "That doesn't mean there couldn't be a new plant."

WPPI notified city officials and Cheves of the delay, following WPPI's executive committee's regular monthly meeting on the Escanaba energy project Thursday.

"What I'm reading from WPPI is they need to hold off right now because there are too many issues and uncertainties," Cheves said. The delay could be one month or indefinite if the project is not economically viable, he added.

If a 300-megawatt plant were to be developed in Escanaba, the city would require 30-40 megawatts for its needs, thus making it a stakeholder in about 15 percent of the construction costs, Cheves said. The balance of the costs would be the responsibility of WPPI.

"It's a much bigger decision for WPPI, committing to the balance of the plant," Cheves said. "So there's a lot more consideration for them." WPPI is also looking into building a facility on its own on the city's property with Escanaba purchasing power from the company, he added.

Both Escanaba and WPPI have looked at the costs involved by using an "open book model" that takes into account all aspects of the project development and marketing power, Cheves said. "They don't want to build something for more than they can sell," he said.

Besides costs, current legislation underway is also being reviewed and will affect WPPI's decision, Cheves said. It could be very risky for WPPI to move forward with a coal-fired plant before environmental regulations are put into place. Plus, with WPPI being based in Wisconsin and building in Michigan, the company would have to adhere to regulations in both states, he added.

"Several proposals are out there for energy legislation. We don't know where Escanaba will be with permits," Cheves said. The uncertainty of the environmental regulations could have a very big impact on development of a power plant, he added.

"WPPI is going to take a very cautious approach with moving forward to phase two. They're going to see what happens with the regulations and their own capacity issues," Cheves said.

"We're going to take the next couple weeks and really dig into the numbers to see what works best," he said. Cheves added that WPPI is still extremely interested in Escanaba and its site and knows there is a need for capacity here.

"At this point, the consensus is clearly evaluating the environmental and economic implications with moving forward on phase two of the study," Cheves said.

Escanaba representatives plan to meet with WPPI next week to decide on phase two, Cheves said. WPPI's decision will be brought before the city's electric advisory board which meets May 9. If WPPI decides to not go with the construction of a facility in Escanaba, phase two of the feasibility study will not be done.

Regardless of what WPPI decides, Escanaba will continue to look into other ways to provide energy for the city's growing electric needs, Cheves said. Other options include using the power plant as it is, modifying the plant, or retiring the plant and purchasing power wholesale, he said. WPPI has also discussed becoming involved in Escanaba's other options, he added.