

Plans dim for new plant

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ESCANABA — Two recommendations on Escanaba's energy supply options will be made to city council, the Electric Advisory Committee (EAC) decided Wednesday. One will be to hold off on building a new power plant here while the other is to look into upgrading the existing plant and/or buying power to meet the city's needs.

"We're no longer looking at building a brand new plant," said project consultant Gilbert Cheves after the nearly 2 1/2-hour meeting. Though this doesn't mean a facility couldn't be developed in the future, for now Escanaba can't build one unless it has a partner, he said.

Escanaba and Wisconsin Public Power, Inc. — a nonprofit electric utility serving 48 municipal utilities in three states — were considering building a new power plant together. The city needs a new plant because its nearly 50-year-old facility is outdated and inefficient and cannot meet Escanaba's growing energy needs.

After both parties reviewed a feasibility study which recommended construction of a 300-megawatt coal-fired facility, WPPI backed off last month on building a new plant with Escanaba.

WPPI project consultant Andy Kellen explained to those attending Wednesday's EAC meeting, why the utility does not want to continue on with part two of the feasibility study to build a new electric facility.

Though Escanaba is an attractive site to build a new plant, development of a 300-megawatt facility would be a higher cost option compared to other energy options the company has at this time, Kellen said. Stricter emission standards, now being considered by lawmakers, is also a concern. Construction costs are also on the rise as the demand for power plant equipment is increasing world-wide, he added. Plus, WPPI prefers to limit its ownership to 100-150 megawatts in a plant. Without more partners in a new plant here, Escanaba would need only about 30 megawatts leaving WPPI with 270 megawatts.

Though WPPI is no longer considering building a new plant with Escanaba, it would like to explore other options with the city, Kellen said. These could include the city buying energy wholesale from WPPI which the utility is looking into now, he said. If advantageous, WPPI may be interested in purchasing the city's energy capacity of its coal plant or its CT unit and selling power to the city, he added. Fueling the plant with biomass is another option, he said.

Prior to Kellen's presentation, Cheves reviewed the city's energy supply options with the EAC members. These included the 300-megawatt facility, building a smaller 40- to 60-megawatt facility, entering into a wholesale power purchase agreement with a utility, and making the best use of the existing power plant such as modifying it to improve efficiency.

Cheves recommended the city place the two new construction options on hold.

"We...need to complete our investigation of what we can do with utilization of the existing plant," Cheves said, also recommending the city look into purchasing power wholesale and also consider a combination of the two.

"We need to come up with the best combination for cost and reliability for our customers," he said. "We are suffering higher costs and business people are looking for relief."

Following much discussion, the EAC unanimously agreed to recommend to city council to table phase two of the feasibility study on building a new plant and to continue looking into the options of

upgrading the current coal-fired facility and/or purchasing power from a utility.

Cheves explained to those in attendance that the city needs a new energy supply plan for the following reasons: it's costing the city more to generate power due to high fuel costs; the costs to maintain an aged facility; the city needs to plan for future growth; and the city needs to provide competitive and reliable electric energy to its customers.