

Stateline

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Midwestern states hope the introduction and use of clean coal technologies — such as this floatation device used to separate mineral matter from coal particles — will allow for more production of their natural resources. Although there is an abundant amount of coal in this region, air quality standards have forced some states to import different kinds of coal from other regions of the country. (Photo: Illinois Clean Coal Institute)



year to change the way lignite is taxed, hoping the new levy will dissuade the use of out-of-state coal. Meanwhile, an ongoing partnership between the state and the lignite industry took steps toward the possible construction of two additional power plants in North Dakota.

The Lignite Vision 21 Project was created as a way of expanding coal-fired generation. Money for the project comes from the state's coal severance tax. This year, matching funds from the Vision 21 Project were made available so that two companies could study the feasibility of opening two new power plants. Up to \$20 million could be made available if the utilities proceed with permitting and construction.

North Dakota is certainly not the only state with a bountiful source of energy lying beneath its surface. As abundant as it is, though, the coal in many parts of this region has been left unused in recent years because its sulfur content does not meet current environmental standards. Consequently, many Midwestern states have had to import coal from the West.

The Illinois Legislature approved a \$3.5 billion program this year that lawmakers hope will spur greater production of the coal that is found in such rich quantities in the southern portion of the state.

"The momentum for this legislative push was somewhat created by what we had seen in California and other states," says Rep. David Wirsing, a Republican from Sycamore. "We don't want to be dependent on the coal we bring from thousands of miles away."

He also believes an increase in production will revitalize southern Illinois' economy.

"We want to create new jobs for towns that really need them," he says. "As the coal mines shut down in Illinois, there was a lot of work lost in the southern part of our state. As a result, right now it is a great place to live, but not a great place to make a living."

According to Wirsing, the legislation will encourage the construction of power plants that utilize clean coal technologies, which remove sulfur during coal combustion and allow the natural resource to meet air quality standards.

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Energy boost

Region's economy could benefit from push for more electricity

by Tim Anderson

Words such as "California" and "energy crisis" echoed throughout the Midwest during legislative sessions this year. They were heard in Iowa during debate over a bill to foster construction of new power plants, in Illinois as legislation passed that aims to unearth the state's coal as an energy resource, and in North Dakota as plans to boost its lignite industry moved forward.

All of the talk about future electricity shortages is being taken as more than just a warning by states in this region. Some also see it as an opportunity.

"We can be a real player in increasing electrical energy and be a part of the solution to the energy crisis that seems to be facing various areas of the country," says North Dakota House Majority Leader Wesley Belter, a Republican from Leonard. "We have a tremendous supply of lignite coal in North Dakota, and we think we have a tremendous chance for more development of it."

"If we could have a couple of new plants built, it would mean a tremendous, long-term economic opportunity for people here because of the employment at the plants, as well as the additional mining activity that would go along with it."

The North Dakota Legislature passed a bill this

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More power plants, transmission lines needed in region

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The bill also designates new electric plants and coal mines as high-impact businesses, which are given various tax incentives and exemptions.

In addition, \$1.7 billion in revenue bonds has been authorized for electric plants that generate coal-mining jobs.

Illinois has more than 200 years worth of coal reserves. In Ohio, officials say the state has a 400-year supply. The Buckeye State's Coal Development Office has led and/or funded various projects aimed at improving clean coal technology. It recently allocated \$4.5 million for the installation of a new kind of technology (invented by Sorbent Technologies Corp.) at an Ohio University heating plant.

Project planners hope the latest advancement reduces the plant's sulfur dioxide emissions by up to 85 percent.

Increasing supply

Other potential energy sources in the Midwest are being tapped as well. After fierce debate, the Michigan Senate approved a bill earlier this year to allow for more "directional drilling" of oil and natural gas in the Great Lakes. There previously had been a moratorium on providing additional leases for oil and gas exploration of the lakes' bottoms.

Opponents argued that the environmental risk was not worth any benefits associated with extracting more natural resources (which they believe would be minimal anyway) from the lakes. They also called for more extensive studies regarding the inspection and compliance of current well sites allowed in the state of Michigan.

"We need to make this information available to the Legislature, so when we decide on the issue of whether we allow directional drilling on the bottomlands, we can make informed decisions as guardians of the Great Lakes," says Rep. Julie Dennis, a Democrat from Muskegon.

The bill's proponents, though, argued that stringent standards are already in place and that directional drilling has proven to be environmentally safe.

While fossil fuels presently power most of the region's energy needs, many state lawmakers are hoping that the use of renewable energy increases in the near future.

Utility generation by primary energy source (1998)

	IL	IN	IA	KS	MI	MN	NE	ND	OH	SD	WI
Coal	53.6%	98.2%	85.9%	67.6%	81.2%	67.9%	63.8%	92.3%	87.8%	34.0%	75.7%
Hydroelectric	—	0.4%	2.4%	0.4%	0.4%	1.6%	5.9%	7.5%	0.3%	63.4%	2.9%
Natural gas	5.4%	0.7%	—	7.0%	2.5%	1.5%	1.4%	—	0.4%	—	2.3%
Nuclear	42.4%	—	10.2%	25.1%	14.7%	26.5%	28.8%	—	11.3%	11.3%	17.9%
Petroleum	0.6%	0.7%	0.3%	0.3%	1.2%	1.5%	0.1%	0.2%	0.2%	0.3%	0.4%
Renewable	—	—	0.1%	—	—	1.0%	—	—	—	—	0.8%

Source: U.S. Energy Information Administration

Earlier this year, the Minnesota Senate passed a bill that would have required 10 percent of the power that utilities buy or generate for consumers to come from renewable sources by 2015. However, in a conference committee on the energy legislation, the mandates were removed and replaced by a set of goals.

In North Dakota this year, the state Legislature did approve tax incentives designed to increase the use of wind energy.

Many hurdles

While looking to increase their supply of energy resources, lawmakers realize that it is only one of several pieces needed to ensure reliable electricity in their states.

"With both wind energy and coal energy development, one of our biggest hurdles will be trying to get transmission lines," Belter says.

"The power has got to be shipped to the market with transmission lines. Any new plants will have to get the necessary right-of-ways to put in power lines. Everybody wants electric lights, but people don't want the power lines that come with them."

Minnesota Rep. Loren Jennings, a Democrat from Harris, adds: "It's becoming more and more difficult not only to build power plants, but to build transmission lines, which are even more controversial because you're touching more people."

As part of a comprehensive energy bill passed by the Minnesota Legislature and signed by the governor, the state did attempt to simplify and shorten the procedures for building power plants and lines.

In addition, the law creates a reliability administrator within the state's Department of Commerce.

The administrator will serve as a liaison for utility companies, make recommendations on plans to build power plants and lines, and be responsible for

community hearings on the proposals.

"What's happened in the past is that when the utility companies have held hearings in counties and cities, things have gotten ugly real quick," Jennings says. "The state, though, can serve as a neutral party. Our stocks don't go up or down if the plans are approved or disapproved. Our job is to keep the lights on while having the least amount of environmental intrusion as possible."

Jennings also is pushing for legislation to extend the life of the state's two nuclear power plants by permitting more on-site waste storage.


As part of their special session this month, Iowa lawmakers were expected to consider legislation that aims to increase the number of power plants in the state. A new plant has not been built in 18 years.

"We know that by 2003, we're going to be short [of electricity] and that we're going to be a net importer," says Iowa Republican Sen. JoAnn Johnson of Adel, sponsor of the energy bill. "By 2007, we'll be short of base load power. So it's imperative that we get going quickly in order to have a plant online."

According to Johnson, the legislation provides what the state's utilities need to increase generation capacity: a set of predictable rules and ratemaking principles in place for new plants.

Opponents argue that the legislation amounts to "back-door deregulation" because a portion of it would allow utilities to buy energy from an affiliate selling at unregulated wholesale prices.

Johnson, though, counters that the Iowa Utilities Board would still have the authority to OK any power purchase contracts.

While disagreement exists on the proper legislation, both sides in the Iowa debate agree that the state must act soon to find ways to increase electricity generation. "It takes six to seven years to bring a coal plant online, so we're against that deadline right now," Johnson says. 

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Rep. Loren Jennings
Minnesota

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