

Missoula Buying into a Great Falls Coal Plant

By Tom Powers

The City of Missoula apparently is on the verge of correcting its image as a flamingly liberal center of environmental activism by buying into a dirty coal-fired generating plant outside of Great Falls. The citizens of Missoula can thank the City of Great Falls for this significant help in correcting Missoula's "green" image.

The City of Great Falls has set up a power company, Electric City Power Incorporated, to buy and sell electricity. It plans to get its electricity by financing and owning a share of the proposed coal-fired Highwood Generation Station just outside of town. The original idea was that the City of Great Falls would force its citizens buy electricity from this plant. The Montana Legislature blocked that when it finally ended the electric deregulation fiasco and turned back to having citizens served by regulated electric and natural gas utilities.

That left Great Falls with no market for most of the output from its share of the proposed coal-fired plant. With no captive customers, Great Falls will not be able to borrow the money to build the plant. For that reason it has sent out traveling salesmen, going city to city in Montana, hoping to sign up municipal customers. So far Helena has turned them down, but Missoula, or at least Missoula's mayor, is toying with the idea of signing up to support the construction of this dirty generating plant.

This is somewhat puzzling. If this proposed coal-fired plant were located west of Missoula, say along the Clark Fork River at the historical Council Grove treaty site, I doubt that Missoula's mayor would be quite as enthusiastic. The prevailing winds would bring the pollutants including sulfur, fine particulates, mercury, and other toxic chemicals right into the city. The threat to the Lewis and Clark portage site in Great Falls would be removed and a historical site in Missoula would be trashed instead.

A Missoula Valley location for this plant would make it harder for Missoula's mayor to argue that building this coal plant was consistent with his commitment to help reduce greenhouse gas emissions. The old-fashioned technology that will be used in this plant will spew out not only huge quantities of carbon dioxide but also the much more powerful greenhouse gas, nitrous oxide.

What is puzzling is that most utilities, including NorthWestern Energy, are currently abandoning consideration of new coal-fired plants because of the uncertainty about what it will cost to build and operate them. Wall Street is nervous about funding such plants given the high likelihood of federal regulation and taxation of greenhouse gasses. Markets for electricity from coal-

fired plants are shrinking too as California and other Western states are blocking the importation of electricity from new coal-fired facilities.

The price at which Great Falls is shopping the electricity from the Highwood Plant does not include any of the costs associated with controlling greenhouse gas emissions or taxes or charges associated with those emissions. In that sense Electric City Power is engaged in a bit of a bait and switch ploy: offer cheap prices based on unrealistic estimates of the costs of constructing and operating the plant but then selling the electricity, as it will have to do, at the actual, much higher, costs associated with the plant. This is all the more risky because the plant would not come on line until, at the earliest, 2011.

One of the pitches being made by Great Falls and the mayor of Missoula is that this will be “public power” controlled by the people, free of the shenanigans of profit hungry private corporations such as Montana Power and NorthWestern Energy. But there is nothing “public” about this plant. Great Falls has set up the equivalent of a private electric utility that will own a share of a coal-fired plant. That utility will then sell electricity to a variety of customers around the state and across the region. This will be a merchant plant signing contracts with a variety of customers, some private companies, some government agencies. But the customers will not control the operations, Electric City Power Incorporated will. Even Electric City Power will not control the plant because it will only own 15 percent of it. The public, in the sense of the citizens of Missoula, will have no control whatsoever. This is private power that happens to be owned indirectly by the City of Great Falls. It bears no resemblance to a democratically controlled, people-oriented real public power system. The public power label is just a public relations ploy.

There is also the question of the reliability of the Highwood Generating Station as a source of supply. This would be almost the sole source of supply for Electric City Power. As Montana Power and Northwestern Energy have discovered, coal-fired plants such as the Colstrip facilities, often fail for shorter or longer periods. For a while NorthWestern Energy was calling Colstrip “Coal-trip” because technical problems knocked it off-line so often, forcing the utility to rely on other sources it had under contract. In general, it is not prudent to rely on just one source of supply when serving a group of customers, but that is exactly what Electric City Power is proposing to do.

It may be that Missoula’s mayor is embarrassed by the green and liberal image of Missoula in Montana and wants to tarnish and dirty that image a bit so that he can hold his head up when he attends meetings of the Montana League of Cities and Towns. But we Missoulians should evaluate this dirty coal plant as if it were being proposed to be built on our river and in our valley. If we do that, we already know the answer we would give to the sponsors.