



for more information:
Elizabeth Crowe, Kentucky Environmental Foundation: (859) 986-0868
David Schlissel, Synapse Energy Economics Inc.: (617) 661-3248

for immediate release: Wednesday, June 10, 2009
CO-OP UTILITY UNPREPARED FOR FUTURE OF CARBON REGULATION,
MAY PUT MEMBERS AT RISK FOR UP TO \$600 MILLION A YEAR
Ratepayers urge utility to scrap plans for new coal plant, invest in clean energy

A new report released today by Synapse Energy Economics, Inc. says the East Kentucky Power Cooperative (EKPC) is undertaking a financially risky resource plan by pushing forward with plans for a new coal-fired power plant despite pending carbon regulations, rising construction costs and a shaky economy.

David Schlissel, author of a preliminary assessment report of EKPC's Integrated Resource Plan (IRP), said, "Regulation of power plant carbon dioxide emissions is not a question of if, but when, and how high the costs will be to utilities emitting high levels of carbon dioxide from coal fired power plants. With all of the economic uncertainty we now face, co-op members should not be locked for decades into paying for expensive carbon dioxide emissions."

Schlissel compared the proposed carbon emissions reduction rates in the Waxman-Markey federal legislation to EKPC's likely future carbon dioxide emissions that include two of EKPC's newest coal fired power plants, one of which came on-line in April 2009, and its proposed Smith 1 coal plant. The Synapse analysis shows that ratepayers may have to pay as much as \$600 million per year by 2023 as a result of the expected carbon dioxide emissions from EKPC's generating plants.

"It's not too late for EKPC to avoid these additional costs and prevent unnecessary financial burden on its ratepayers," Schlissel said. "EKPC should follow the lead of the other utilities that have abandoned or significantly delayed approximately 90 proposed coal plant plans in recent years because of these cost risks, and make wise investments in renewable energy and energy efficiency."

The Synapse analysis also notes that:

- EKPC's Spurlock and Smith units are expected to emit 2.5 million tons of carbon dioxide per year. Even if carbon sequestration was a viable technology, according to government and independent researchers, this process could increase the cost of generating electricity from coal by 60-80%;
- Uncertainty and financial challenges, and the comparative affordability of baseload gas plants, energy efficiency and renewable energy, have led to the cancellation or delay of roughly 90 coal fired power plants in the past several years.

Elizabeth Crowe of the Kentucky Environmental Foundation said, “EKPC says its goal is to keep low electricity rates for customers. This Synapse report shows, ironically, that their plans to bring more coal fired power plants on line will have the opposite effect.”

Crowe said that while EKPC is reviewing proposals for renewable energy and talks about increasing participation in peak-shaving programs, “we believe EKPC is capable of setting higher goals for clean energy and have pledged our help to achieve greater participation in existing programs and design and implement new ones. But the first step in making that shift to clean energy is to stop the proposed Smith plant.”

Doug Doerrfeld, a 30-year member of Grayson Rural Electric, said “Continuing to be over dependent on coal to generate electricity in a carbon constrained future will saddle ratepayers with repeated rate increases like the 14% increase just announced by Grayson Rural Electric. EKPC is making decisions that will not responsibly serve co-op members.” Doerrfeld, a leader in the group Kentuckians For The Commonwealth, says he speaks regularly with people from all over Kentucky who are eager to embrace clean energy programs, which can help stabilize energy rates and make it easier for customers to pay their bills.

Janet Futrell, a Blue Grass Energy co-op member from Big Hill said, “Unfortunately, instead of leading EKPC in the direction of higher energy efficiency and renewable energy standards, my co-op is encouraging its members to resist the move in Congress towards policies that support long-term energy security and a healthy environment for all of us.” She continued, “Construction of a new power plant is not a good decision when we have better opportunities for energy efficiency and renewable energy. I hope co-op leaders will hear members’ concerns, abandon the Smith plant, and choose to invest more in clean energy.”

###

Copies of the report are available on the web at <http://www.kyenvironmentalfoundation.org> or at <http://www.kftc.org/stopsmith>.