

## WHY THESE BILLS ARE MISGUIDED

### **THE ENVIRONMENTAL PERMITTING APPEALS PROCESS IS NOT BROKEN.**

The facts simply do NOT support these gross rollbacks of public health and environmental protections:

- Last fiscal year DEQ issued 589 air pollution permits, 808 water pollution permits, and 2,219 solid and hazardous waste permits. Out of those 3,616 permits only three were appealed. ALL three appeals were initiated by the applicant for the permit.
- Montana has the fastest air permitting process in the nation. In the last three years DEQ issued 1,210 air pollution permits. Only six of those permits were appealed – 3 by the permit applicant and three by the public.
- In the last three years, DEQ has issued 3,063 water quality permits. Last year only one of the 808 permits that were issued was appealed. In the two years prior there were only six water permits appealed, all by applicants, not by citizens. Citizens have not appealed one water quality permit in 3 years!

In total DEQ has issued 4,273 air and water permits in the last three years. Of the 12 that were appealed, nine were appealed by the permittee, and three by the public.

### **FUNDING FOR COAL PLANTS HAS DRIED UP ALL AROUND THE NATION**

Two years ago the U.S. Department of Energy listed 150 coal plants that were proposed across the nation. In the last two years over 70 of those proposed projects have been cancelled, denied, or postponed. Here's why:

- Large power companies are canceling power plant proposals because of economic uncertainty, rapidly escalating costs, and the certainty of carbon regulation. One such company, Dynegy Power, recently cancelled proposals to build 6 coal plants stating: "Today, the development of new generation is increasingly marked by barriers to entry including external credit and regulatory factors that make development much more uncertain." Dynegy's stock soared 19% the day it announced plans to cancel the 6 plants on January 2, 2009.
- The federal Rural Utility Service that has been funding coal plant development for rural electric cooperatives since the 1930's, cancelled funding for all new coal projects across the country because of the increasing costs and risks associated with future carbon regulation.
- The private sector has put the brakes on funding coal across the country. On February 4th, three of the biggest investment banks in the U.S. announced "Carbon Principles" which govern lending practices for the power sector due to concerns over global warming. As reported in the Wall Street Journal, "These new environmental standards ... will make it harder for companies to get financing to build coal-fired power plants in the U.S." To date, banks signing on to the carbon principles are JPMorganChase, Morgan Stanley, Citibank, Bank of America, Credit Suisse and Wells Fargo. (See [http://carbonprinciples.org/.](http://carbonprinciples.org/))

## **SME'S COST PROJECTIONS HAVE SOARED, ITS CUSTOMER BASE HAS SHRUNK AND ITS FUNDING SOURCE HAS DISAPPEARED**

Of the 26 co-ops across the state, only 4 are proposing to build their own generating plant. The other co-ops have entered into contracts for power.

The estimated construction cost of the plant has almost doubled since the project was first conceived. In 2004 construction of HGS was projected to be \$470 million. In February 2007 the City of Great Falls consultant estimated the cost of the plant at \$720 million. The air permit was not appealed until June 2007. Current estimates are \$800 to \$850 million.

SME requested funding from the Federal Rural Utility Service. The RUS conducted an environmental impact statement on the proposal. In February 2008 the federal agency denied funding for HGS, "The inherent risks associated with compounded delays make the situation more problematic as well as increasing the cost of the plant which will be passed on in the form of higher member rates raise concerns about financial feasibility. ...concern exists that approximately 40 percent of Southern Montana's capacity in the proposed plant is not under contract through the entire term of the proposed financing by the Agency."

Yellowstone Valley Electric Co-op, one of the original founders of SME, has the largest customer base of any SME co-op. It decided the plant was too financially risky and asked to be released from the project. In April 2008, YVEC's ties to HGS were severed. YVEC was about 43% of the plants customer base. YVEC explained its concerns with HGS in a letter to its members: "the cost of financing and complying with government regulation could increase the price of the power generated from HGS to the point that purchase of this power could be cost prohibitive." (Attachment 14)

The city of Great Falls, originally a 25% partner in HGS, has not signed a development agreement with SME. SME restructured in June 2008 and the City has made no formal public decision about whether it will join this new entity. Its commitment to the plant is tenuous.

Highwood is opposed by all surrounding farmers and ranchers, many of whose land will be condemned from rail lines, water and sewer lines, roadways and transmission lines. People throughout the Great Falls community and around the state oppose it. Downwind governments including the Chippewa-Cree Tribe and the town of Fort Benton also oppose it.

Material Provided by the Montana Environmental Information Center.  
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