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New Report Shows TVA Could Save Customers Billions While Improving Air Quality

Synapse Report Finds Energy Efficiency Helps Bill Payers and our Air Quality

KNOXVILLE, TN – In a new report released today, August 14, Synapse Energy Economics reveals that the Tennessee Valley Authority is risking wasting billions of dollars to keep aging, out-of-date coal plants online instead of pursuing lower cost options like energy efficiency. The Synapse report, commissioned by the Sierra Club's Beyond Coal Campaign, outlines a dim economic scenario for TVA's coal fleet, including four coal plants - the Gallatin, Allen, Colbert, and Shawnee Fossil Plants – on which TVA is considering spending billions of dollars. The report, called [“TVA Coal in Crisis: Using Energy Efficiency to Replace TVA's Highly Non-Economic Coal Units,”](#) finds that TVA's current plans will cost billions, raising customer's rates for decades. In contrast, Synapse finds that an energy efficiency savings program run at a level that TVA acknowledges is achievable, would reduce air pollution, cut customers rates over the long-term, and eliminate the need to operate at least one TVA coal plant in the next three years.

“TVA's coal plants are old and lack many modern pollution controls, meaning they pump out harmful pollutants whenever they run,” said Jeremy Fisher, Ph.D., the lead author of the Synapse Energy Economics report. “Today's report shows that there are cheaper options that will both improve our air quality and lower customer's monthly power bills. TVA currently plans to keep these old, out-of-date plants on life support, but we are confident that a good, hard look at the numbers shows that it makes no business sense to run these plants anymore. TVA can do better for Tennessee by pursuing efficiency measures and retiring these plants.”

Compared to other utilities coal fired power plants, TVA's are older, dirtier and generate less power on average. The Synapse analysis determined that TVA would need to invest at least \$11.8 billion to update its aging fleet, with additional costs to operate the retrofitted plants piling up over time. According to the report, going forward, 30 of the 39 TVA coal boilers will cost more to run than market prices, once the capital cost of the pollution controls are counted.

“Purely on the merits, it's simply does not make economic sense for TVA to keep these plants running, let alone invest billions more to keep them on life support,” said Fisher, with Synapse. “We recommend prioritizing an efficiency program that will save TVA and its customers billions in the long run.”

TVA has already studied energy efficiency options, and according to the Synapse study, if TVA followed the course set by its own study, it could save enough energy over the next three years to retire one of its old, dirty coal plants.

“Pollution from coal-fired power plants threatens the health of communities everywhere,” said Louise Gorenflo, a TVA ratepayer and lead volunteer with Sierra Club’s Beyond Coal Campaign. “TVA’s coal plants pump harmful pollution into our air and water. Responsible utilities don’t throw good money after bad, but that’s exactly what TVA is planning to do now. TVA has an opportunity to prioritize energy efficiency which will boost our local economy while saving customers money and, critically, reduce the use of coal fired power. This is a win-win for our pocketbooks and for our health.”

Gorenflo added, “Right now, TVA’s plan will make my monthly electric bill more expensive while doing nothing to clean up the air or build Tennessee’s economy. I’m calling on TVA to pursue energy efficiency instead. Even a modest energy efficiency program, with energy savings of just over 1% a year, will lower my bills over time, while reducing toxic air pollution and strengthening Tennessee communities.”

Sierra Club commissioned the report from Synapse Energy Economics, an economics consulting firm in Cambridge, Massachusetts. Since 2001, the Sierra Club’s Beyond Coal campaign, along with partners and allies, has prevented the construction of 168 new coal plants nationwide. Currently, 120 coal plants are scheduled for retirement as coal is now providing less electricity to the United States than any point in the last thirty years.