

## **Independent Analysis Finds Revised Taylorville Energy Center Plan Projected to Save Illinois Ratepayers \$437.7 Million**

*\$250.6 million savings in first five years*

SPRINGFIELD, Ill.--(BUSINESS WIRE)--Under the revised "Power Block First" proposal for the Taylorville Energy Center (TEC), Illinois electricity customers could save an estimated \$437.7 million over a 20-year period, including more than \$250.6 million in the plant's first five years of operation, according to a rate impact analysis conducted by Pace Global LLC, a Siemens business. As TEC's power capacity is bid into the PJM auction (ComEd's grid operator) in future years, hundreds of millions in additional savings for ComEd customers could also be realized because of lower resulting auction prices.

Using U.S. Energy Information Administration (EIA) forecasts of natural gas and power prices, and electricity demand growth, Pace Global found that adding TEC's power into the Illinois energy markets would reduce average bills of electricity customers by \$21.9 million annually over the first 20 years of the project. During the plant's first five years of operation, customers can expect \$50.1 million in average annual savings.

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<b>Savings Period</b>	<b>Average Annual Rate Impact Savings</b>	<b>Total Rate Impact Savings</b>
First five years	\$50,114,000	\$250,570,000
20 year savings	\$21,886,525	\$437,731,000

As the transmission grid operator serving the ComEd service territory (as well as many East Coast states), PJM holds an annual auction for generating capacity contracts that begin three years into the future. Largely because of coal plant closures, auction prices rose 354% last year and are expected to rise further when auction results for this year are announced shortly. Bidding supply from TEC into that auction is expected to result in lower auction prices and potentially hundreds of millions in annual savings for ComEd customers.

The revised proposal unveiled last week would authorize construction of the initial stage of TEC, an efficient 611-megawatt (MW) natural gas-fueled combined-cycle plant that would be equipped to accept substitute natural gas (SNG) from a potential future coal gasification unit. This first phase of the project provides additional generating capacity at a time when the market is most in need because of coal plant closures. Should market conditions improve and the General Assembly approve, the second phase of the project incorporating coal gasification with carbon capture and storage could proceed.

“The ‘Power Block First’ plan allows Illinois to take advantage of today’s low natural gas prices to build a necessary new source of electric power resulting in lower overall rates,” said Tenaska Vice President Bart Ford. “In the future, when economics favor the use of Illinois coal, equipment can be added to convert coal to clean SNG, capture carbon dioxide and provide for geologic storage.”

The amendment to Senate Bill 678, which provides legislative authorization for the construction of TEC as well as initiatives for expanded energy efficiency and distributed generation, continue to earn the strong support of a broad coalition of labor, business, environmental and community interests, including the state’s leading consumer advocates, the Citizens Utility Board (CUB) and Attorney General Lisa Madigan.

TEC was conceived originally as a power plant that would take advantage of cutting-edge clean coal technologies to provide needed, economical and environmentally responsible power while providing a boost to the Illinois coal industry. The second proposed phase would achieve those goals in the future.

The new approach allows Illinois to receive the immediate benefits of additional electric generation capacity, jobs and economic benefits. It also allows Tenaska to preserve the air permit and interconnection position for the initial natural gas-fueled power plant. The ability to proceed with the SNG portion of the plant is preserved for Illinois consumers as a hedge against the possibility of rising gas prices.

Nationally, closings of 319 coal-fueled generating units totaling 42,895 megawatts – enough to power 30 million homes – have been announced, according to Sierra Club and the Institute for Energy Research. The Illinois Power Agency has estimated that 40

percent of the coal capacity in Illinois may shut down because of new emissions rules. This decrease in the supply of electricity will force electricity prices and capacity prices to go up if adequate efficient replacement capacity is not built.

“We believe this revised plan addresses all valid concerns and provides a path forward to construct a new and cost effective source of energy for Illinois – construction that will provide thousands of direct and indirect jobs and opportunities for minority and women-owned businesses,” Ford said.

SB 678 was approved by the Illinois Senate in 2011 and is pending in the House.

## **About Tenaska**

Tenaska is one of the largest independent power producers in the United States. Forbes magazine ranks Tenaska 25th among the largest privately-held U.S. companies, based on 2010 revenues. Tenaska has developed approximately 9,000 megawatts (MW) of electric generating capacity across the United States. Tenaska affiliates currently operate and manage eight power plants totaling more than 6,700 MW that it owns in partnership with other companies. Tenaska is headquartered in Omaha, Nebraska, with offices in Dallas, Texas; Denver, Colorado; Pittsburgh, Pennsylvania, and Calgary, Alberta, Canada. Tenaska affiliates also market natural gas, electric power and biofuels, with Tenaska’s natural gas marketing affiliate rated as one of the top ten natural gas marketers in North America. Tenaska affiliates are also involved in private equity fund and acquisition management, fuel supply, natural gas exploration, production and transportation systems and electric transmission development. For more information about Tenaska, visit the company's Web site at [www.tenaska.com](http://www.tenaska.com).

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