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## **Illinois EPA Issues Taylorville Energy Center Final Air Permit; Slashes Mercury Emissions Following Request by Tenaska**

*Company also requests binding CO<sub>2</sub> emissions limit for gasification process*

CHICAGO--(BUSINESS WIRE)--Tenaska, managing partner of the Taylorville Energy Center (TEC), today announced that the Illinois Environmental Protection Agency (IEPA) has issued the final amended air permit for TEC. When built, TEC will be among the cleanest coal-feedstock-based plants in the world. Strict permit limits on conventional pollutants such as sulfur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>) are less than 1/40<sup>th</sup> the level of the average U.S. coal-fueled power plant.

**ff at Illinois EPA to finalize this permit.”**

Following the release of its draft air permit on October 17, 2011, IEPA received numerous comments that have been addressed with the issuance of this final permit. IEPA made many changes to the draft permit, the most significant of which lowered permissible mercury emissions by 90 percent following a request from Tenaska. Also requested by Tenaska was a binding limit on carbon emissions.

“The Taylorville Energy Center is going to be a model for clean, efficient design,” said Greg Kunkel, Tenaska vice president for environmental affairs. “We appreciate all of the hard work of the staff at Illinois EPA to finalize this permit.”

The hybrid design of the Taylorville facility produces almost all of its carbon emissions from two sources – the natural gas power block and the gasification island, which converts coal into substitute natural gas (SNG). The requested carbon limit was consistent with carbon capture requirements contained within the Illinois Clean Coal Portfolio Standard Law.

As IEPA was considering public comments on the TEC permit, on March 27, 2012, the U.S. EPA proposed New Source Performance Standards for Greenhouse Gas Emissions (GHG NSPS) for new power plants. With certain exceptions, the proposed

standards would limit CO<sub>2</sub> emissions from any new fossil-fueled power plant to 1,000 lbs. per megawatt hour (lbs/MWh gross).

This final air permit for TEC includes a power block CO<sub>2</sub> emissions limit of 827 lbs/MWh (gross). When coal is being gasified to produce natural gas, efficiencies become available that help reduce the facility-wide emissions rate. Under those operating conditions and when CO<sub>2</sub> is being captured and stored, emissions are expected to be as low as 666 lbs/MWh (gross) when one combustion turbine is operating (e.g. in off-peak hours) and 716 lbs/MWh (gross) when two combustion turbines are operating (e.g. in on-peak hours).

Consistent with the Clean Coal Portfolio Standard law, Tenaska also requested a CO<sub>2</sub> emissions limit on the gasification island requiring 90% of CO<sub>2</sub> emissions to be captured and stored when it is possible to do so. IEPA determined that it could not include such a limit in the permit at this time because it would be inconsistent with IEPA's BACT determination and because of enforceability concerns.

Although IEPA was unable to accept Tenaska's request for a binding CO<sub>2</sub> limit on emissions from the gasification island, the company is required under Illinois law to capture at least 50% of its CO<sub>2</sub> emissions facility-wide and at least 90% of its CO<sub>2</sub> emissions from the gasification island. Failure to do so would result in:

must be paid for by the plant owners and cannot be reimbursed by ratepayers

by the Illinois Commerce Commission for willful violations

issue a "specific performance" order requiring carbon capture and storage at the plant

The unique TEC facility uses coal as a feedstock to produce pipeline quality substitute natural gas (SNG) for use in its combined cycle natural gas electric generating facility or for sale to the pipeline. Its ultra-low emissions of SO<sub>2</sub> and NO<sub>x</sub> are less than 1/40<sup>th</sup> of the average US coal-fired power plant. According to U.S. EPA methodology, this performance will cut net SO<sub>2</sub> and NO<sub>x</sub> emissions in Illinois by 10,890 tons per year, saving between 21-50 lives and \$170-\$410 million in health care costs.

In November 2011, the Illinois Senate approved SB 678, the Comprehensive Energy Efficiency and Investment Act, that would allow Tenaska to build TEC. The Illinois House of Representatives could vote on the measure in May.

SB 678 and the Taylorville Energy Center continue to earn the strong support of a broad coalition of labor, business, environmental and community interests including the state's leading consumer advocates Attorney General Lisa Madigan and the Citizens Utility Board because of the strong consumer protections and low rate impact from the plant.

"We appreciate the work of CUB and Attorney General Madigan in support of the Taylorville Energy Center," said Tenaska Vice President Bart Ford. "As coal plant closures accelerate, building a clean, efficient baseload plant like Taylorville is good for the economy with its 16,000 direct and indirect construction-related jobs and good for consumers by helping to offset lost power."

A recent analysis conducted by Pace Global concluded that because interest rates have dropped by more than 40%, overall rate impact from the project is actually \$162 million lower now than when the TEC Facility Cost Report was issued in 2010. In addition to the rate cap for all residential customers, legislative changes in recent years have ensured that at least two thirds of any capital cost overruns and two thirds of any carbon sequestration cost overruns will be paid for by the project's owners and not by ratepayers. Those rate protections benefit not only residential customers, but government and commercial customers as well.

## **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 10 natural gas marketers in North America. Tenaska affiliates are also involved in private equity investment and acquisition management, fuel supply, natural gas exploration, production and pipeline systems and electric transmission development. For more information about Tenaska or the Taylorville Energy Center, visit [www.tenaska.com](http://www.tenaska.com) or [www.cleancoalillinois.com](http://www.cleancoalillinois.com).

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