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The final permit needed before construction can begin on the 100-megawatt, \$225 million coal-fired WyGen III plant was approved Thursday by the Wyoming Public Service Commission, but not until after two and a half days of cross-examination of plant owner Black Hills Corp.

Commissioners Cindy Lewis and Steve Oxley granted the company a "certificate of public convenience and necessity," agreeing that the company had the resources to build a new power plant and that Black Hills demonstrated that there was a need for WyGen III.

But the application did not exactly get the "Good Housekeeping Seal of Approval," Lewis said.

Here's a breakdown of some issues raised by the commission:

- RENEWABLE ENERGY: Commissioners said that the way Black Hills dealt with issues of renewable energy alternatives and energy conservation could have been better.

"There has been a failure to pursue wind or other renewables in a meaningful way," Lewis said. "And a just-shy-of-a-good-faith effort to meet the commission's directives."

Dave Rhodes, Black Hills director of corporate development, said Thursday that the company's renewable energy policy was very aggressive compared to other companies.

"We are already doing 30 megawatts of wind power ... and we are adding 50 megawatts to that, if we can find a cost-effective way to do it, by 2012," he said. "That will bring us to 8 percent of all of our power generation from wind, and even the most aggressive programs and states are looking at 20 percent by 2020. So we are well on our way."

Oxley said that in the future, the commission needs to be clearer and set higher standards as to what it expects from applicants regarding renewables, emission control and energy conservation efforts.

- COMPETITIVE BIDDING: Commissioners said Black Hills Corp. did not competitively bid out the entire cost of the plant to see if someone else could build it cheaper.

"This estimate (of cost) is based on your experience but not on having actually bid things out?" Lewis asked Mark Lux, Black Hills vice president of power delivery.

"That is correct. It is based on benchmarks set by an architectural firm that does go out and get bids," Lux said.

Black Hills has enough experience building power plants to rely on its own expertise, he said. The company has never competitively bid out all of the construction of its power plants.

He also said that the company had an excellent record of building plants on time and even under the promised cost — information that the commission agreed to as accurate. But Lewis said that by not bidding out the entire plant, the corporation was "using yourself as the ruler and you are always at the right height."

- LOCAL VIEWS: The commission's vote to approve the Black Hills application was applauded by many local officials and groups that commented at the public hearing or sent in written comments, including Gillette Mayor Duane Evenson, County Commissioner Craig Mader, the Campbell County Economic Development Corp. and the City of Moorcroft.

Gillette is especially interested in WyGen III because it intends to become a part owner of the plant and to buy about 25 megawatts of power annually when the plant is completed. Moorcroft, the county and the economic development group all stated that the plant would be good for the local economy, providing jobs and revenue.

But members of the Powder River Basin Resource Council and the Sierra Club said that Wyoming did not need another "out-dated" coal-fired plant like WyGen III.

At the very least, a better alternative form of coal-combustion should have been considered, such as the use of "supercritical or ultra-supercritical boilers" that are "widely used, economically viable, and reduce emissions and related public health," the groups said in written comments.

Issues of air pollution and the impacts to water and wildlife, as well as negative impacts to Gillette's housing market also were mentioned.

The groups also thought the cost of the plant was significantly underestimated in light of recent huge increases in construction costs and possible increases in carbon emission taxes.

Black Hills Power said construction will start immediately, and should take 24 to 30 months. It will be built alongside the existing WyGen II plant at the Wyodak complex east of Gillette and will share a control room as well as coal-handing facilities and other infrastructure with WyGen II.

WYGEN III FACTS

- COST: \$225 million
- POWER GENERATION ABILITY: 100 megawatts
- LOCATION: Next to WyGen II, at the Wyodak complex east of Gillette. WyGen III is considered to be a "mine mouth" mine, because it is located right on a coal mine.
- MONEY SPENT ALREADY: \$10 million to \$15 million
- PLANT START-UP DATE: 2010
- CONSTRUCTION BEGINS: Now
- TYPE OF MINE: pulverized coal-fired steam, air-cooled.
- EMISSIONS CONTROL TECHNOLOGY: fabric filter dust collectors, scrubber, some catalytic reduction technologies and a mercury control system
- WHY IS IT NEEDED? Black Hills Corp. projects that there will be a 400-megawatt unmet need for power in its customer service area by 2027, even with the company's current conservation and renewables programs in place.

Black Hills serves 65,000 customers (2,600 in Wyoming) within a 9,300-square-mile area that includes South Dakota, Montana and Wyoming. The City of Gillette is in discussion about buying 25 megawatts from WyGen III and becoming a permanent part owner of WyGen III.

Sources: Black Hills WyGen III resource plan, News-Record archives

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