

Fairbanks Daily News-Miner

Here's the real story about the Healy Clean Coal Project fiasco

By Rep. MIKE KELLY

Sunday, December 11, 2005 - Alaska Industrial Development and Export Authority's Nov. 16 column regarding the experimental Healy Clean Coal Project disturbed me because such fiction, repeated often and persuasively, may become accepted fact.

Although my current relationship with Golden Valley Electric Association is solely as customer, I was GVEA's president and CEO during AIDEA's design and construction of the Healy plant. As a member of the state House representing Interior Alaska, I feel obligated to challenge AIDEA's Soviet-style rewrite of history.

FICTION: GVEA proposed and promoted the clean coal project to the U.S. Department of Energy and AIDEA.

FACT: Usibelli Coal Mine conceived the project and convinced the Energy Department and AIDEA to build it to increase Usibelli coal sales. That's understandable. AIDEA agreed to build the plant and proposed that GVEA operate and maintain the plant and purchase its output. GVEA declined due to cost and reliability risks.

After failing in its attempt to market the Healy plant to Anchorage utilities, AIDEA returned to ask GVEA what it would require to come aboard. GVEA stated four conditions: 1. The new plant must deliver power to GVEA at the then-current cost of power from Anchorage; 2. The plant must sustain performance equal to or better than existing technology; 3. If the plant failed to pass commercial testing to GVEA's satisfaction, AIDEA must pay to retrofit the plant to existing technology; 4. The state permit must allow conversion to standard technology if the experimental technology failed. AIDEA agreed.

FICTION: AIDEA completed the plant, and the plant's technology worked fine. GVEA should have accepted the plant and agreed to operate it with the experimental combustors. But GVEA refused. AIDEA has been a model of cooperation in trying to restart the plant. GVEA's unwillingness to work cooperatively has forced AIDEA to sue.

FACT: AIDEA tried hard, but the Healy plant's experimental combustors proved dangerous, unreliable, very costly to operate and no cleaner environmentally than GVEA's existing 35-year-old Healy plant. Inventor TRW closed its experimental combustor division. Plant designer Stone and Webster went broke. No manufacturers bought the failed combustor technology.

There are no plans to build another Healy-type clean coal plant anywhere in the world, and there is no parts store for this Edsel.

AIDEA blew through \$300 million (enough to build two 50-megawatt plants) and tried to cram Healy down GVEA's throat rather than retrofit as promised. GVEA declined to expose its ratepayers to the speculative and costly research and development involved in further attempts to make the failed technology work and demanded the promised retrofit. AIDEA refused. It now sits dormant on the bank of the Nenana River as another monument to AIDEA's record of performance.

AIDEA can spin and sputter and sue till hell freezes over, but its fiction won't sell in Interior Alaska. We are short of power to meet rapid load growth, and rates are higher because AIDEA failed to deliver. The Anchorage-Healy intertie is operating at peak capacity importing power from Southcentral Alaska.

For a decade, GVEA planners looked forward to AIDEA delivering Healy, and even built a second Healy-Fairbanks Intertie using state matching funds to increase reliability and deliver power from the new Healy plant to Fairbanks. The Healy Clean Coal Project sits on GVEA property and is connected to GVEA's existing Healy plant.

The new Healy plant's critical operating systems are shared with GVEA. Fewer operating and management personnel would be required to operate the combined plants, and delivering Healy Clean Coal Project power to GVEA at Healy would avoid transportation costs associated with power deliveries to the south.

In direct contrast to an encouraging conversation I had with Gov. Murkowski in late October, AIDEA entered confidential negotiations to export Healy power south and has sued Interior Alaska ratepayers for more than \$150 million by attacking their member-owned cooperative.

AIDEA's war against Interior ratepayers is irresponsible, costly and counterproductive. Interior Alaskans have been very patient. I doubt Anchorage ratepayers would tolerate AIDEA's behavior.

Why is it just as critical today that the Healy plant use proven technology? Because a plant with a bum engine is much worse for ratepayers than no plant at all.

GVEA ratepayers cannot afford to subsidize risky power plant research and development. Neither can our state. Retrofitting the plant provides the lowest lifecycle cost solution and dovetails nicely with AIDEA's moral obligation.

I will support AIDEA and GVEA in a plan to retrofit and restart the Healy Clean Coal Project as a safe, reliable, low cost, environmentally clean, base load power plant for Interior Alaska ratepayers.

Republican Rep. Mike Kelly of Fairbanks represents House District 7 in the Alaska Legislature.