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Healy coal plant under review

August 12, 2001

By DIANA CAMPBELL
Staff Writer

The U.S. Department of Energy will evaluate options for the mothballed Healy Clean Coal Project, which has failed to meet expectations on its advanced coal burning technology.

Sen. Frank Murkowski made the announcement after a midweek meeting with the parties that have interest in the project. The the cost of the project has risen to \$292 million, according to a state and federal report released in July.

The evaluation should give direction on how to proceed with the plant, which was built to test new technology intended to burn coal with fewer pollutants, thereby reducing acid rain, Murkowski said.

"One of the first things to determine is whether the plant can be guaranteed to operate economically," Murkowski said during a visit to Fairbanks last week.

The meeting between Murkowski and representatives of Golden Valley Electric Association, the Alaska Industrial Development and Export Authority, the Energy department and Usibelli Coal Mine was aimed at reaching agreement about what to do with the disputed project.

The Healy plant is one of 40 projects funded by the DOE's Clean Coal Technology program. It was completed in 1997 using a \$117 million Energy department grant, \$25 million provided by the state Legislature and \$85 million raised by bonds sold by AIDEA. The remainder came from other sources.

GVEA was to lease the plant from AIDEA but refused, saying the technology didn't work as expected and they had concerns after an explosion at the plant. Usibelli Coal Mine was to provide coal for the plant.

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Since last year GVEA and AIDEA have sought ways to settle lawsuits each had filed over the project. At issue is what to do with the plant.

GVEA wants the plant completely retrofitted with a new generator, essentially abandoning the clean coal technology. AIDEA supported partial retrofitting but now is willing to look at a complete fix.

Mike Kelly, GVEA's Healy Clean Coal Project coordinator, said the utility is pushing for the plant's experimental combustor to be replaced with a traditional unit. The retrofit could cost as much as \$85 million, for which GVEA is looking to Alaska's congressional delegation for help, Kelly said.

GVEA's board wants to decide by the end of the year about what type of new power supply to use to meet increasing demands, Kelly said.

"Other options include purchasing more power from Chugach (Electric Association), add units at the North Pole generator site, construct a gas-powered plant if and when a gas line is built, or Healy Clean Coal," Kelly said.

AIDEA is interested in getting the Healy plant operational, said Bob Poe, AIDEA's executive director. The industrial corporation needs \$4.5 million yearly revenue that GVEA would pay for leasing the plant to offset the bonds AIDEA sold.

"What they (GVEA) want is very important," Poe said.
"From a customer standpoint, they need guarantees."

Usibelli Coal Mine spokeswoman Becky Phipps said the mine is ready to supply the plant with coal anytime it's ready to go. "We have everything in place to go when they're ready," she said.

Murkowski said the Energy department evaluation will help with deciding what funds could be available for the plant.

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