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# Opponents, proponents ready arguments in power plant transfer

by Jim Ross The State Journal 20 hrs ago

State Journal file photo

CHARLESTON — As public hearings near on FirstEnergy's plan to transfer its coal-fired Pleasants Power Station from the deregulated Ohio market to its northern West Virginia subsidiaries, the plan's supporters and its opponents are stating their cases.

FirstEnergy says Mon Power and Potomac Edison need the Pleasant County's plant to provide a stable base for future electricity demand, thanks in part to growth in the Morgantown area and in part to the region’s growing natural gas processing and pipeline industries.

Opponents, however, say the deal is an overpriced bailout that would provide unneeded generating capacity at a price consumers should not be forced to bear.

Public hearings are scheduled for Sept. 6 in Parkersburg, Sept. 11 in Martinsburg and Sept. 12 in Morgantown.

Under FirstEnergy’s proposal, Mon Power and Potomac Edison would pay AE Energy Supply, another FirstEnergy subsidiary, $195 million for its interest in the Pleasants Power Station.

Critics of the transfer say that is too much.

An analysis done for FirstEnergy showing the deal would benefit West Virginia consumers and businesses “is premised on unreasonable projections for future natural gas prices, energy market prices, plant generation, and capacity market prices, each of which represent significant departures from the recent past,” David Schlissel, president of Schlissel Consulting of Belmont, Mass., on behalf of West Virginia Solar United Neighborhoods / Community Power Network and the West Virginia Citizen Action Group, said in testimony filed with the Public Service Commission late Friday afternoon.

In the Ohio market, Pleasants operates as a merchant plant. It sells its electricity into the regional market. In West Virginia, it would be in a regulated market where its owner could charge customers a rate set by the PSC.

At the quoted price, Mon Power and Potomac Edison would be paying $150 per each kilowatt hour Pleasants produces, Schlissel said. But merchant plants in other states are seeing their values written down to levels below that because of the current environment of low wholesale electricity in the regional market that includes West Virginia, Schlissel said.

Schlissel listed other challenges facing Pleasants. Among them are future costs to comply with environmental regulations and the age of the plant. Pleasants has two generating units. One is 38 years old and the other is 37. Both are nearing the time when they will have more down time because of age-related problems, he said.

If the PSC were to approve the transaction, it should require that part of the risk be placed on FirstEnergy rather than all of it being passed along to customers, Schlissel said.

Other groups, such as the Sierra Club, have filed statements opposing the transaction. According to the PSC, 949 comments have been filed protesting the transfer while 27 have been filed in support.

The West Virginia Coal Association is among the supporters. Pleasants burns about 28 million tons of West Virginia coal each year, said Bill Raney, the association's president.

"Pleasants Power is critically important to the companies producing coal in central and northern West Virginia because it provides certainty for coal suppliers, coal consumers, and prevents the loss of hundreds of coal jobs. It helps the local and state economies, including the troubled West Virginia state budget," Raney wrote.

"Under current regulations, unless changed by the new administration, new coal-fired plants cannot be built. Thus, it is imperative in my view that we maintain those large supercritical coal plants, like Pleasants, operating today to insure that there is an ample mix of reasonably priced and diversified generation in the region."

FirstEnergy spokesman Todd Meyers said the company is looking for opportunities to work with all parties to address their concerns.

"We stand by our energy forecasts that show an additional need for generation capacity starting by 2020, with a shortfall in 2027 expected to reach more than 1,200 megawatts. (One thousand megawatts is enough energy to power more than 750,000 homes.) Rapid growth of West Virginia's Marcellus gas industry continues to drive load growth in West Virginia, as well as the mammoth Procter & Gamble plant under construction near Martinsburg and rampant commercial development in and around Morgantown," he said.

"It's our view that depending on market purchases for this generation capacity places our Mon Power and Potomac Edison West Virginia customers at risk of facing volatile prices and is not in their best interest.

"The Pleasants plant is a proven asset that has reliably produced electricity for many years, employing more than 200 people, offering family-sustaining wages and benefits. According to West Virginia University researchers, the Pleasants plant created a total economic impact of nearly $400 million in 2015 alone, and directly and indirectly supports 600 jobs."

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