TESTIMONY IN SUPPORT OF ILLINOIS POWER AGENCY DEVELOPING CAPACITY PROCUREMENT PLANS

January 16, 2018, Hillsboro Historic Courthouse

Great thanks to Representatives Chapa LaVie, Bourne and Sims for sponsoring House Bill 4141 and Senators Clayborne and Rezin for sponsoring Senate Bill 2250. Thank you to the Illinois Commerce Commission for being here today. I hope while you are here you have a chance to visit the cleanest coal-fired power plant in the world located just 8.5 miles southeast of here at Coffeen.

My name is Heather Hampton-Knode. I remember visiting the plant under Ameren management when I was the founding chairman then Executive Director of the Montgomery County Economic Development Corporation. At that time, it was an incredible experience to be on the front line of the plant installing far more than $300 million in clean coal technology. It was also exciting to see the Coffeen Lake ranked #1 in the nation for bass fishing in a thermal cooling lake.

As I served as the founding Chairman of the Central Illinois Economic Development Authority or CIEDA which is a $250 million bond authority covering 11 central Illinois counties, I learned that we could not issue industrial bonds or even waste management bonds to an electric generating utility due to federal regulations guiding financing of such facilities.

When I served on the Montgomery County Board as Economic Development Committee Chair, I visited the plant during its transition to ownership and management by Dynegy on multiple occasions to see this amazing technology in place and working and to marvel at the plaques awarded to the company at global events – over multiple years - hosted in Europe for being the world’s cleanest coal-fired plant.

In my role as founding Chairman of Montgomery CEO (Creating Entrepreneurial Opportunities), I have appreciated the community-engagement of the current plant manager and employees in helping our high school seniors create their own businesses and succeed in developing professional skills that will serve them and ultimately our communities.

When I served as a Co-Chairman of Governor Bruce Rauner’s Agriculture Transition Team, I advocated for an approach that looked at the health of rural economies overall. One that did not simply assess a flat percentage of the local government distributive fund (aka income tax), but took into account their overall capacity of property tax base, sales tax base, population and its disbursement as well as its earning capacity. The direct and indirect economic impacts of plants in the MISO area total more than $1.5 BILLION. That’s real money with real people and homes and educations and futures at stake.

Although my background is rooted in agriculture and the policy and physical infrastructure needed to keep goods growing and flowing, it seems to me that we citizens in downstate Illinois are ultimately at a disadvantage in the energy market as it stands today. After hearing MISO’s statement about capacity projections for the next five or so years at a hearing in November, the data is concerning from my perspective. Based on that data, a person could conclude that no energy production is needed in downstate Illinois.

But two things really struck me at that hearing. 1. The earnestness which pervaded legislators’ remarks when they said the power plant employees could be trained to work in renewable energy technologies. And 2. The economic and intellectual importance of adding value to raw products close to home.

More than one legislator offered encouragement to Dynegy to train their employees to work with renewable technologies, specifically solar. The fact that so few people are needed to maintain solar...
projects once they are in the ground is concerning because the 151 jobs from Coffeen would most likely have to disburse across the entire MISO area and beyond to compete for solar jobs.

My concern is the apparent lack of knowledge of what scale of solar project or wind would be needed to replace the amount of power generated by one coal-fired plant let alone the eight plants that are at risk. At full capacity, the Coffeen plant is approximately 900 Megawatts (MW). Based on electrical engineer projections at Minnesota State University, to produce 1 MW continuous from solar power requires at least 150,000 panels on 120 acres of land – just to accommodate the array of panels (this does not include storage), probably double that to allow for tilt and no shadow (Based on 10-15% efficiency of panels, 5 hours average sunlight). AT 240 acres for 1 MW, then at least 216,000 acres of land would have to be covered with solar panels to replace the Coffeen power plant. That is almost half our entire county!

We installed a 20Kwh unit at one of our grain storage sites last May. Only because we were allowed to accrue the solar credits until October, did it cover the October bill. But not the $1800 bill in November. People who purchase through a cooperative are not able to allow their credits to accrue that long. Only that feature – of accruing credit which we can currently do with Ameren – and the state’s investment credits make this a ‘bankable’ proposition. In their absence, solar is not an economical option.

Regarding the second point that stuck with me from the November hearing – the importance of ‘adding value’ close to home. A simplistic view of what’s at stake here can be compared to the beef market of the last decade plus. My friends in Montana and North Dakota who raise beef cattle blamed NAFTA for an increase in Canadian cattle coming across the border. They rallied against packers and processors and many of those companies packed up and went north of our border. On the market side, we saw the Adkins and some Beach diet tout the benefits of proteins while at the same time the stock market plunged making fund traders dive into commodities and ultimately create record prices for many agricultural and other commodities. However, as the stock market has healed and rebounded, commodities have suffered. Bottom line – my plains states’ friends thought they had won a battle but completely lost the war because the packing and processing capacity moved away from them. It took its jobs, their taxes, their homes and cars and other measurements of ‘wealth creation’ with them and now people have to haul their livestock a lot farther to be processed.

We Illinoisans can learn from this lesson and not rely on other states or even countries to ‘add value’ to our raw commodity of coal. We have been called the Saudi Arabia of coal due to the BTUs, breadth and depth of our coal reserves. Rather than exporting our “value-added” capabilities of producing energy, we need to invest in building our intellectual capacity to maintain and to improve our current plants’ abilities to use Illinois coal and ultimately to pursue infrastructure capacity for gasification projects that simultaneously produce other valuable products and limit emissions.

In the interim, it is imperative that some change be made to the capacity process – either allowing Dynegy to trade in PJM or pursuing the measures set forth in HB 4141/SB 2250 – so they can keep the lights on for us and thousands of other people throughout the Mid-West.

We have both history and foresight to inform our efforts. Let’s hope we have the political resolve to get it done.

Sincerely, Heather Hampton+Knadle,
Proponent of Rural Development, Farmer, Mom of 4, 217-538-2171,
20212 Voils Avenue, Fillmore, Illinois.