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As Indiana coal plants close, advocates say gas power should not replace them | Energy News Network

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Indiana consumer and environmental groups say a proposal by CenterPoint Energy to replace a retiring coal plant with two new gas combustion turbines is unnecessary and financially and environmentally destructive.

The southwest Indiana utility CenterPoint Energy wants to replace its retiring A.B. Brown coal plant with two new gas combustion turbines and a 24-mile pipeline to serve them, a proposal consumer and environmental groups are blasting as financially and environmentally destructive and unnecessary.

CenterPoint, formerly Vectren, also wants to build a 24-mile pipeline to serve the new gas units, as well as add 700 to 1,000 megawatts of solar and 300 MW of wind. The generation would replace its 760 MW A.B. Brown coal plant and one of two units at its F.H. Culley plant.

Two years ago Indiana regulators [denied the company's request](#) to build an 850 MW, nearly billion-dollar gas plant to replace Brown — an “unprecedented” decision for a commission that typically approves power companies’ requests, said Sierra Club Beyond Coal campaign representative Wendy Bredhold.

Now the Sierra Club, the Citizens Action Coalition and the Sunrise Coal company that supplies CenterPoint's plants are asking the commission to deny the latest proposal, for two gas turbines totaling 460 MW and costing \$323 million.

CenterPoint is also asking the Federal Energy Regulatory Commission and a number of other federal and state agencies for permission to build the pipeline through Kentucky and Indiana, passing under the Ohio River.

Opponents argue that the costly turbines are not needed, since they would be peaker plants only intended to meet occasional high demand, as the company notes in filings. The Brown plant already has a 160 MW gas peaker on site.

"After the proposed gas combustion turbines are built, they propose to run them 2% to 10% of the time," said Sameer Doshi, senior attorney in Earthjustice's coal program, which is representing Citizens Action Coalition in state and federal proceedings around CenterPoint's proposal. "Whereas customers would be billed for the entire construction cost of the plant as well as the capital cost of the new pipeline. We intend to show a combination of market purchases, demand response, and increased renewables deployment with storage would be able to fill in the gaps" left by the retiring coal plants.

CenterPoint spokesperson Alyssia Oshodi said the company took into consideration the regulatory commission's feedback when it denied the previous gas plant proposal in 2019.

"The filing comes as the next component in CenterPoint Energy's long-term generation transition plan, which seeks to significantly change the way the company generates power and deliver on its commitment to provide a cost-effective, well-balanced energy mix," Oshodi said. "Customer and stakeholder engagement were focal points throughout the process. ... The company is confident its

electric generation transition plan will continue to reduce our emissions and maintain our focus on the environment while providing our customers a cost-effective option for generating safe and reliable energy.”

Changing economics

The utility, which serves 145,000 customers, plans to close the Brown coal plant by 2023, since required environmental investments — namely, replacing outdated scrubbers — are not economical. It also cited the cost of dealing with coal ash, including byproducts from the scrubbers.

The company is proposing to build [two new coal ash ponds](#) and a dry ash transport facility to deal with ash through the coal plants’ closure and to comply with the 2015 federal coal ash rule, which requires ash to be moved out of most unlined pits.

Continuing to run the coal plants through 2029, with necessary investments made, would mean a \$35 a month increase for an average residential ratepayer, the company said in testimony during the proceedings. Building the two new gas turbines would mean a \$23 a month increase for that customer. Olson and others maintain that neither the coal nor new gas plants are necessary.

“We already have gas plants scattered throughout the state,” Olson said. “That’s where utility coordination, regional coordination comes into play. Utilities will always choose the most expensive option; they are going to pick concrete and steel in the ground and long-term investments that may serve their shareholders well but are not in the best interest of customers. Is there a better way to leverage existing resources even if they’re not owned by CenterPoint? It’s the classic push and pull between monopoly service territories and sharing resources.”

The coalition also argues that CenterPoint overestimated the

demand of its industrial customers in arguing that it needs the gas generation. In its 2019-20 integrated resource plan, the company projected an average 5.5% annual growth in industrial demand through 2023. Comments filed by the Citizens Action Coalition and other groups say that “this load growth has not been substantiated by Vectren in any way.”

Pipeline concerns

CenterPoint is seeking to hire the company Texas Gas to build the gas pipeline; it had also hoped to contract the company for a new pipeline to the 850-megawatt plant it unsuccessfully proposed before. The new 24-mile pipeline would be 20 inches in diameter and run beside an existing Texas Gas pipeline for about half its route.

Filings with the Federal Energy Regulatory Commission indicate CenterPoint’s new gas turbines would be the sole customers of the new pipeline. In its FERC proposal, Texas Gas describes the project as a lower-carbon alternative to running the coal plants, reducing greenhouse gas emissions “nearly 60% over the next 20 years, with CenterPoint’s direct carbon dioxide emissions reduced 75% from 2005 levels by 2035.”

“The Project will also reduce Texas Gas’ own emissions,” as the new pipeline project would include replacing three compressor units on its system with a new lower-emission unit, the filing says.

Citizens Action Coalition disputes that logic.

“CenterPoint has told the Indiana commission that the retirement of the Indiana coal units is a necessity due to the impossibility of complying with federal environmental regulations,” Doshi said. “The coal plant closure is happening regardless. Even at relatively low usage, the incremental greenhouse gas emissions [from the gas turbines] would be a lot, compared to the alternative of clean

resources and demand response.”

Bredhold said that residents are also worried about the direct environmental impact of the pipeline.

“People just don’t like gas pipelines,” she said. “And it will go under the Ohio River, which is our water source and is already fairly heavily polluted by industry up and down the river, especially coal ash from their coal plants that sit right on it.”

The bigger picture

CenterPoint plans to go from a mix of 78% coal, 10% renewables and 12% natural gas in 2021, to just 15% coal, 55% renewables and 30% gas in 2025, according to its filings with regulators. Currently, CenterPoint has only 54 MW of solar scattered across a number of small installations, and power purchase agreements representing 80 MW of wind.

CenterPoint plans to purchase a 300 MW solar facility in Posey County, Indiana, that would be built by another company, and purchase energy and capacity from a 100-MW solar project in Warrick County, Indiana. It plans to add an additional 300 MW of solar in the future, it said in filings.

“Southwest Indiana is an attractive site for economic development, such as industrial expansions and relocations, due to its robust rail system, and access to ports on the Ohio River and nearby major highway infrastructure,” said CenterPoint senior vice president of generation development Steven Greenley in testimony, noting that new industries are likely to want access to renewable power.

CenterPoint’s proposed shift, minus the gas plants, mirrors what is happening in the MISO regional market as a whole. Greenley said in testimony that “new potential generation currently in the MISO queue is made up of 93% renewables.”

The utility's coal plants were previously relied upon as baseload power. But now MISO frequently calls on lower-cost renewables rather than coal-fired units to power the grid on an hourly basis, meaning the coal plants provide less energy and must cycle up and down more frequently. Brown ran at an average of 77% of its capacity from 2006-2008, the company noted in filings, but only 51% from 2016 to 2020.

In addition to reducing overall revenue, the cycling is detrimental to coal plants, as “the thermal contraction and expansion of large masses of metal causes wear and tear, increased maintenance, and shortens life,” as CenterPoint vice president of power generation operations Wayne Games said in testimony. He said that in 2016, for example, damage caused by cycling up and down — the entry of foreign particles into a turbine valve — necessitated a \$3.8 million repair.

The utility wants the gas turbines since they could ramp up and down quickly, providing easily dispatched power and “complementing” renewables — both the 700 MW-plus of renewables CenterPoint plans to add, and renewables owned by other companies in the region, according to company testimony.

But advocates say that with demand response, storage and energy efficiency, renewables don't necessarily need gas as a “bridge fuel” to help cover times that the wind doesn't blow or the sun doesn't shine.

“We've crossed the bridge,” Bredhold said. “We know methane [emitted by natural gas generation] is a more powerful greenhouse gas than carbon dioxide, and there are local health impacts associated with gas plants. We don't need to build any more new gas.”