

Testimony: 50 years of AMPGS

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- 1. Remain in control of your own destiny. Reject the AMPGS proposal and wait for the completion of the FEED study and a reassessment of costs. Returning to the project later is always possible.**
- 2. Move to postpone consideration of the matter. Determine what effect soon to pass electric market restructuring will have on the economics of the project.**
- 3. Dramatically reduce your subscription in the project. Never has the construction of a conventional coal project been more expensive or fraught with risk—move to limit your exposure.**

The private and public energy sector is abandoning conventional coal.

Financial institutions, major utilities, government regulators and public power organizations across the nation have come to the conclusion that conventional coal makes little sense economically or environmentally.

Power producers are embracing clean energy and advanced coal because of basic economics.

The price of conventional coal power is expected to rise dramatically in coming years. Forbes recently announced that coal prices may double in 2008-2009. Conventional coal faces serious regulatory and legal hurdles. During 2007, 59 proposed US coal-fired power plants were either refused licenses by state governments or quietly abandoned. In addition to the 59 plants that were dropped, close to 50 more coal plants are being contested in the courts, and the remaining plants will likely be challenged as they reach the permitting stage. The threat of carbon cap and trade or tax legislation is a source of the conventional coal cancellations.

There has never been a worse time to construct a conventional coal plant than today.



AMPGS would be a conventional coal project, like the one pictured above. It would release high volumes of pollutants: mercury, sulfur dioxide, nitrogen oxides and carbon dioxide.

Politicians and regulators in Columbus and Washington will decide whether or not the AMPGS project will be a tenable investment or a financial disaster, not AMP-OH or Cleveland Public Power.

1. State Legislation in the Ohio House and Senate could re-regulate Ohio's retail electricity market, which could lower and stabilize prices.

The original rationale for the AMPGS plant relied heavily on the desire to get away from highly volatile wholesale markets in Ohio, which would result from deregulation to take place in 2009. With re-regulation poised to occur at the retail level, wholesale power could be an attractive, low risk option for purchasers like Cleveland. CCP should wait and see what happens with this important legislation.

2. Federal Legislation poised to pass in 2009 could make the AMPGS project an overnight financial disaster.

Carbon cap and trade or tax legislation is coming. Depending on the design of the program or the allocation of the credits, the AMPGS plant could face huge cost liabilities not experienced by other producers in the market. The idea that carbon legislation will affect all power producers equally is presumptuous and wrong.

Eliminate these risks-reject the proposal!

