

TVA paring coal operations, paying \$10M in deal

By BILL POOVEY

CHATTANOOGA, TENN.

The Tennessee Valley Authority over the next five years will shutter operations that account for about 16 percent of its coal-fired capacity to settle lawsuits from several states over air quality, its board said Thursday.

TVA chief executive Tom Kilgore said the nation's largest public utility will also pay a \$10 million civil penalty under the agreement with the states, the Environmental Protection Agency and environmental groups. Kilgore said the agreement announced at a board meeting resulted from long-running private negotiations.

The shutdowns starting in 2012 include all 10 units at Johnsonville Fossil Plant and two units at John Sevier Fossil Plant in Tennessee, along with six units at Widows Creek Fossil Plant in Alabama. Kilgore said the moves will phase out 2,700 megawatts of TVA's 17,000 megawatts of coal-fired capacity by 2017.

The shutdowns also will mean a loss of 300 to 400 jobs. TVA executives said efforts will be made to provide other jobs. Kilgore said TVA cannot guarantee that every displaced employee will be offered a job at the same location.

Environmental activists were commending TVA for initiating the private talks that settled court fights between the nation's largest public utility and Tennessee, Kentucky, Alabama and North Carolina.

"This is the largest coal retirement agreement the nation has ever seen," said Bruce Niles, the Sierra Club's deputy conservation director. "We have been battling TVA for more than a decade to get them to address their aging coal fleet and this provides a framework. We are commending TVA for moving in a different direction."

The agreement also calls for TVA to spend \$350 million on environmental projects over the next five years.

EPA in a statement said the settlement resolved alleged Clean Air Act violations at 11 coal-fired plants in Tennessee, Kentucky and Alabama. It requires TVA to invest up to \$5 billion on new and upgraded state-of-the-art pollution controls that will prevent approximately 1,200 to 3,000 premature deaths, 2,000 heart attacks and 21,000 cases of asthma attacks each year, the EPA said.

EPA Administrator Lisa P. Jackson said "investments in pollution control equipment will keep hundreds of thousands of tons of harmful pollutants out of the air we breathe, and help create green job opportunities that will reduce pollution and improve energy efficiency."

When implemented, the pollution controls and other required actions will address 92 percent of TVA's coal-fired power plant capacity, reducing emissions of nitrogen oxide by 69 percent and sulfur dioxide by 67 percent from TVA's 2008 emissions levels, EPA said. The settlement also will mean a significant reduction in particulate matter and carbon dioxide emissions.

The \$350 million in environmental projects include an energy efficiency project in low-income communities, renewable projects such as hybrid electric charging stations and a clean diesel and electric vehicle project for public transportation systems. TVA will also provide funds to the National Park Service and the National Forest Service to improve, protect, or rehabilitate forest and park lands that have been impacted by emissions, including Mammoth Cave National Park and Great Smoky Mountains National Park.

From the \$10 penalty, Tennessee receives \$1 million and Alabama and Kentucky each get \$500,000.

The states of Tennessee, Kentucky, Alabama and North Carolina, and three non-governmental organizations, the National Parks Conservation Association, Sierra Club, and Our Children's Earth Foundation, have signed the agreement to be filed in federal court in East Tennessee.

Kilgore said the timing of his decision to stop the legal fighting that began in 2009 was not related to the change in presidential administrations and the prospect of new environmental enforcement.

But Niles said "for eight years the Bush administration refused to enforce the Clean Air Act. Under (EPA Administrator) Lisa Jackson's watch they are playing catchup."

"It certainly helps when the federal cops on the beat are doing their jobs," Niles said.

The TVA board at its Thursday meeting approved a long-range plan that calls for decreasing the utility's reliance on coal and increasing use of nuclear power, renewable energy, natural gas, hydroelectric and conservation.

About 4,600 of TVA's 12,000 employees work in coal-related jobs.

TVA supplies power to about 9 million people in Tennessee, Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia.