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Coal-fired plant may be out of steam before it's up

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A controversial coal-fired power plant was supposed to be under construction near Mesquite by now.

Sithe Global Power planned to have the Toquop Energy Project generating relatively cheap electricity by 2013 so it could sell the power wholesale to Nevada and other Southwest states.

But the site remains empty, and many Mesquite officials, who haven't heard from Sithe in months, figure the coal plant is not going to happen, Mayor Susan Holecheck says. Coal plant opponents such as the Sierra Club have sent out news releases predicting the plant's demise.

If they're right, Southern Nevadans might be able to breathe a little easier. The plants' smokestacks would have released microscopic particles that studies have found can cause heart attacks, strokes and respiratory diseases hundreds and even thousands of miles away.

Opponents have many people to thank for keeping the coal plant on ice.

The Bureau of Land Management seems to be sitting on the plant's environmental impact statement. Its release was expected months ago. The public-comment period, another prerequisite for BLM approval, can't begin until that environmental assessment is released.

The developer has yet to explain where it will get the water it needs for Toquop.

Although Sithe Chief Operating Officer Thomas DeLeo maintains his company is not canceling the project, some experts say it will have to beat the odds to get built.

Plans for dozens of coal-fired power plants across the country, including two in Nevada, have been scuttled in recent years by permitting issues and costs.

"The proposed coal plants across the country are dropping like flies," notes Utah Physicians for Healthy Environment President Brian Moench, whose group opposes coal plant development.

Energy experts and coal opponents say plants just don't pencil out in today's regulatory environment.

The cost of coal-fueled electricity is expected rise dramatically over the next few decades as mitigation requirements increase, air pollution standards get tougher and Congress mulls taxing greenhouse gas emissions.

"The cost of carbon is a significant one," says Dan Bakal, director of electricity power programs for CERES, a nonprofit group that examines the economics of sustainability. "It's still uncertain how much it might be or what the perimeters of climate policy are going to look like, but any developer

should be assuming there will be a large cost of carbon over the life of the plant. That does have an impact on development.”

That makes other cleaner and less-controversial technologies economically competitive.

Speculation is that Toquop might be built, but fueled by natural gas rather than coal. Its first BLM environmental review was for a natural gas power plant. But in 2007, when the price of natural gas was fluctuating wildly, the company decided to go with coal instead.

What at the time seemed like an economically conservative move has since turned out to be a financial quagmire.

“The credit markets are still fairly cautious, and there is, for coal plants specifically, a higher level of concern and scrutiny than there has been,” Bakal says.

Meanwhile, natural gas prices have stabilized as extraction techniques became cheaper and new supplies opened up.

But switching to natural gas doesn't resolve the question of who would buy electricity from Toquop.

The booming growth that was expected to create a market in the Southwest for Toquop's electricity has gone bust. The recession and government-initiated energy conservation campaigns have resulted in decreased demand for electricity.

And in Nevada, NV Energy has been quietly assembling new or upgraded power plants that would be connected by a planned cross-state transmission line. The company expects to make the state energy independent soon.

Arizona and Utah have seen their growth, and therefore their energy needs, slow down.

California looks like Toquop's best shot, but only if the plant uses natural gas. The Golden State has taken a stand against buying any more coal energy.