



# Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street  
Chicago, IL 60611

## Legislation Text

---

**File #:** 10-1333, **Version:** 1

---

### **TRANSMITTAL LETTER FOR BOARD MEETING OF NOVEMBER 4, 2010**

#### COMMITTEE ON STATE LEGISLATION AND RULES

The Honorable Terrence J. O'Brien, President and Members of the Board of Commissioners

Request for authorization to oppose legislation for a subsidized electrical generating facility being considered by the Illinois General Assembly

Dear Commissioners:

In 2008, Legislation was passed by the Illinois General Assembly which funded and required the Illinois Commerce Commission (ICC) to analyze a proposed "clean coal" power plant in Taylorville, Illinois. This facility would be constructed by the Nebraska-based Tenaska Corporation. It should be noted that there is great interest by downstate legislators for projects of this nature because of the positive economic impact on those regions in Illinois.

The Illinois General Assembly mandated this study because Tenaska Corporation would only build this facility if legislation was enacted by Illinois mandating that Illinois consumers buy the plant's power through 30 year contracts.

The ICC recently delivered its report to the Illinois General Assembly on the impacts to our state if this project was to move forward. The report addresses many issues but most noteworthy stated that "the cost associated with electricity generated by the project is substantially higher than that which is associated with other types of generation facilities." It is reported that if the project was to be built on time and on budget it would require a minimum subsidy of \$286 million annually and more than \$8 billion during the 30-year contract.

The proposal calls for a 2% cap on residential rate increases every year thus the major subsidy would be paid for by businesses, governmental bodies and public service organizations. As one of the largest governmental users of electricity in the state, the District could expect to pay a minimum of \$1.2 million per year for 30 years to subsidize this project. Our budget, as currently limited by State-imposed restrictions on increases in the aggregate levy, cannot absorb this increase without making drastic reductions.

Due to the impact on electrical costs in the State and a number of "open issues" that the ICC recommended be investigated further, a coalition of business groups and trade associations stand in opposition to any legislation which would move this project forward in its present form.

The coalition believes that legislation will be introduced during the fall veto session in November of this year and is urging large users of electricity to oppose this legislation.

It is recommended that the District oppose this legislation at this time.

Recommended, Richard Lanyon, Executive Director, RL:bh

Respectfully Submitted, Debra Shore, Chairman Committee State Legislation and Rules

Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board

of Commissioners for November 4, 2010