

Tax breaks would spur cleaner coal plants, backers say

January 22, 2008

By CHRIS CHRISTOFF

FREE PRESS LANSING BUREAU CHIEF

LANSING – A bi-partisan plan to give tax breaks and other incentives to coal gasification plants would spur construction of much-needed, clean-burning electric plants in Michigan, its backers said today.

But a coalition of House Democrats and environmental groups called for state laws to prohibit utility companies from charging their customers the cost of new coal plants, and require the utilities' shareholders to bear the expenses.

Advertisement

The group said Michigan does not need new coal-fired power plants, and that the state instead should encourage more renewable energy sources such as windmills farms.

Both announcements came as the Legislature prepares to dive into a hot issue this year: how to modernize Michigan's power industry and make its rates competitive.

The bi-partisan bills to spur coal-gasification plants would create "renaissance energy zones" where tax credits and speedy approval of environmental permits would speed the location of new plants.

The legislation is a high priority for Senate Republicans, said Senate Majority Leader Mike Bishop, R-Rochester.

Bishop was joined by a handful of Republicans and Democrats from the House and Senate to announce the proposal. He said meetings would be held with Gov. Jennifer Granholm to elicit her support.

Sen. James Barcia, D-Bay City, said Michigan must encourage clean-burning energy sources as the federal government makes plans to tighten restrictions on carbon dioxide emissions. One company, M&M Energy, is poised to break ground in Alma on a new plant within 60 days of the legislation's passage, according to one company official.

Company president, Mike Sawruk, said M&M Energy has developed techniques to convert coal into cleaner-burning liquid fuel, trap pollutants and use a gas by-product to extract oil from the ground. Backers say Michigan has hundreds of millions of barrels of untapped oil that could be more easily, and cheaply, extracted using the new process.

Sawruk said the M&M Energy plant would produce 750 megawatts of power, of which 250 megawatts would be used to extract oil. He said the ultimate goal is to expand the technology to let utility companies convert their coal-burning plants to liquid gas.

Sen. Wayne Kuipers, R-Holland, said the energy plan could be embraced by investors, environmentalists and manufacturing interests as a progressive way to create jobs.

But spokespersons for the Sierra Club and Michigan Clean Water Action viewed the coal conversion plan warily. They said it would still be coal fuel in a different form, and that disposal of carbon dioxide that's produced from the process – injecting it into the earth – raises environmental concerns.

Find this article at:

<http://www.freep.com/apps/pbcs.dll/article?AID=/20080122/BUSINESS06/80122034>

Check the box to include the list of links referenced in the article.