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Questions surround power projects

This story was published Friday, June 22nd, 2007

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The Port of Walla Walla has agreed to begin negotiations with a Gig Harbor based-consortium that hopes to build a \$2 billion coal gasification plant on port land at Wallula.

At the same time, Energy Northwest is pressing ahead with its own coal gasification plant in Kalama, hoping to submit more detailed plans to the state Energy Facility Site Evaluation Council later this summer.

Unlike Energy Northwest's Pacific Mountain Energy Center, the proposed Wallula Energy Resource Center is contingent on the ability to sequester 65 percent of its carbon dioxide emissions underground.

"It's a hugely significant statement," said Tim Killian, a spokesman for Wallula Resource Recovery LLC. "If they for some reason determine that we can't sequester carbon dioxide, this project doesn't go forward."

The project will be aided by research conducted by the Department of Energy's Pacific Northwest National Laboratory. Researchers at the Battelle-run lab hope to begin inserting carbon dioxide into a test well at the site in a year's time to determine if sequestration is feasible, tests they planned to conduct anyway as part of the federally-funded Big Sky Carbon Sequestration Partnership.

If all goes as planned, the 600- to 700-megawatt power plant could be running by 2013. It would generate 530 temporary construction jobs over 40 months and more than 100 permanent jobs once operating.

"The big issue would be property taxes if this really becomes a \$2 billion project," Port Director Jim Kuntz said. "They'd instantaneously be the largest taxpayer in Walla Walla County. It would have huge ramifications for the tax base."

There are a lot of unanswered questions facing both coal gasification projects.

A climate change bill approved in Olympia this spring requires that new thermal power plants emit no more carbon dioxide than modern natural gas-fired power plants. That effectively rules out ever building a conventional coal plant in Washington.

Because Energy Northwest already had begun the permitting process for its Kalama plant, the bill gave it five years to demonstrate it can sequester carbon dioxide in underground rock formations. Failing that, Energy Northwest would have to resort to other emission reduction activities, such as the expensive prospect of buying another dirty power plant and shutting it down.

Energy Northwest recently asked the siting council to slow permitting activities for its project, which also could run on gas derived from petcoke or other materials, because questions about the law's implementation make it difficult for the project to move forward.

But this week Energy Northwest spokesman Brad Peck said that the utility now intends to submit a plan to EFSEC later this summer detailing the project's sequestration readiness while proposing to buy down its environmental commitment by funding environmental projects elsewhere. It would be up to EFSEC to determine whether the proposal would fit under the new law, even though the agency will not have yet adopted rules to enforce it.

"We're not going to wait for rules, we're going to give them a proposal," Peck said. "We think it's unrealistic to think rules can be formulated quickly enough to meet our timeline."

Energy Northwest hopes EFSEC will make a recommendation to Gov. Chris Gregoire by year's end. Gregoire then would have final say on a site certificate.

EFSEC Manager Allen Fiksdal said a decision on the Energy Northwest project could set a precedent and isn't sure if the agency would be willing to take it up before the new rules are written. "We haven't decided, and we don't know," he said.

The public power consortium had promised to build the project so that carbon emissions could be sequestered if it proved technically and financially feasible, leaving open the possibility no emissions ever would be sequestered.

But Wallula Resource Recovery, which plans to apply for a site permit in September and would begin moving dirt only after the project's power is committed through long-term contracts, is counting on sequestering at least some emissions from day one.

The 700-plus-acre Wallula site, once proposed for a natural gas-fired plant, is attractive for an array of reasons. It's close to electrical transmission and natural gas lines, has two railways nearby for potential deliveries of Powder Basin River coal and has access to water and a highway.

And it sits atop of layer of basalt that could be as much as 12,000 feet thick, making it potentially ideal for containing crystallized carbon dioxide.

"We happen to be in some of the biggest and thickest portions," said Pete McGrail, a senior research scientist at PNNL who will work on the sequestration study.

Researchers plan to start by conducting a seismic survey to identify fractures or faults in the basalt. They then will determine the location for an injection well.

In about a year, they hope to begin injecting carbon dioxide into the ground and monitoring whether it reacts in a predictable manner. The review could take two more years.

If the tests show the carbon dioxide is being stored sufficiently, "that could translate into other sites in the Northwest," McGrail said.

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