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NEWS RELEASE

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Siting Board Approves ecoPower-Hazard Biomass Project

Proposed Perry County plant plans to burn wood waste, low-grade logs

FRANKFORT, Ky. (May 18, 2010) – The Kentucky State Board on Electric Generation and Transmission Siting today granted a certificate allowing the construction of an electric generating plant in northern Perry County.

The certificate allows ecoPower Generation-Hazard, LLC (“ecoPower-Hazard”), to build a 50-megawatt (MW) merchant generating plant on a 125-acre site in the Coal Fields Regional Industrial Park, located about 10 miles north of Hazard. The site is a reclaimed coal mine.

The biomass fuel for the plant is to come from nearby wood industry facilities and forest product operations and will include low-grade logs and wood wastes such as sawdust, wood chips, bark and sawmill wastes. The wood material will be burned to produce steam, which will power turbines that produce electricity.

The plant is to be connected to the grid through a substation owned by American Electric Power Co., and the electricity is to be sold on the open, wholesale market. Today’s Siting Board order also approved construction of a 1.54-mile-long transmission line that will connect the plant to the substation.

According to ecoPower-Hazard’s application, the plant will cost about \$150 million to build. During the two-year construction process, the impact on the local economy was estimated at \$82.5 million, with an average of 200 workers on the site.

Once in operation, the plant will employ about 40 people, with a total annual payroll of more than \$2.6 million and an operating budget of \$16 million in its first year, ecoPower-Hazard said in its application. The plant is forecast to operate for at least 30 years.

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Siting Board Approves ecoPower Project - Page 2

No other parties sought to participate in the case and there were no requests for either a local public hearing or an evidentiary hearing. The Siting Board reached its decision based on the written record, which includes the application, an evaluation conducted by an independent consultant of the site assessment report submitted by the applicant, and answers provided by ecoPower-Hazard in response to questions from the Siting Board. The Siting Board noted that ecoPower-Hazard had held a number of meetings with local residents and environmental groups.

Because of the plant's proposed location in an industrial park, the Siting Board determined that it would have a minimal impact on surrounding areas. That impact will be further reduced by conditions placed on ecoPower-Hazard by the Siting Board and already agreed to by the company. Those include painting the plants in colors that will blend with the surroundings, taking steps to reduce both dust and noise from the wood processing facility and restricting most wood deliveries to daytime hours to reduce nighttime traffic and truck noise.

While noting that it does not have authority to dictate employment practices, the Siting Board encouraged ecoPower-Hazard to live up to its commitment to hire as many local workers as possible to build and operate the plant. The Siting Board also required ecoPower-Hazard to continue to maintain a Web site that has been used to provide information to the public about the project.

In approving the ecoPower-Hazard plant, the Siting Board also issued a waiver of a requirement that the facility's exhaust stack be at least 1,000 feet from any adjoining property. In addition to other factors, the plant's proposed location in an industrial setting justifies granting a waiver in this case, the Siting Board said in its order.

The Siting Board is an agency within the Energy and Environment Cabinet. Under a law passed in 2002 by the Kentucky General Assembly, the Siting Board is charged with reviewing applications for merchant power plants, also known as independent power producers (IPPs), which sell electricity on the wholesale, unregulated market.

IPPs are not regulated by the Kentucky Public Service Commission (PSC). Because they recover their expenses from the wholesale market, applicants to the Siting Board are not required to prove that the proposed facility is necessary to meet Kentucky retail customers' demand for electricity

The Siting Board considers issues such as noise, visual impact, traffic, economic impacts and effects of the proposed facility on Kentucky's electric grid.

Environmental matters such as air emissions, water quality and solid waste are the subject of separate proceedings before the Kentucky Department of Environmental Protection.

Siting Board Approves ecoPower Project - Page 3

The ecoPower-Hazard application was the Siting Board's first request to certify a generating facility since 2005. To date, the Siting Board has issued six such certificates, two of which were subsequently vacated. Two other approved facilities, in Knott County and in Estill County, have not yet been built.

The only generating facility approved by the Siting Board that has been constructed is a 750-MW coal-burning facility nearing completion in Trimble County. The Siting Board's certificate applied only to the 25 percent of the facility that is jointly owned by the Illinois Municipal Electric Agency and the Indiana Municipal Power Agency. The remaining 75 percent of the plant is owned by Louisville Gas & Electric Co. and Kentucky Utilities Co., which are regulated by the PSC.

The order, application and other documents are available on the Siting Board Web site:

http://psc.ky.gov/efs/efs_search.aspx?case=2009-00530

The case number for ecoPower Generation-Hazard, LLC is 2009-00530.

By law, the Siting Board consists of the three members of the PSC, the secretary of the Kentucky Energy and Environmental Cabinet or his designee, the secretary of the Kentucky Economic Development Cabinet or his designee and two local members appointed by the governor to serve for a specific case. The chairman of the PSC serves as chairman of the Siting Board.

In addition to the PSC commissioners, the Siting Board members for the ecoPower-Hazard case are Robert Amato, designated by Kentucky Energy and Environmental Cabinet Secretary Leonard Peters; Ken Robinson, designated by Kentucky Economic Development Cabinet Secretary Larry Hayes; and two members named by Governor Steve Beshear: Perry County Judge/Executive Denny Ray Noble and Hazard resident Charles Earl May, who is the Perry County Extension Agent for Agriculture and Natural Resources.

The PSC's 100 employees provide staff and administrative support to the Siting Board.