

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

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STATE OF ILLINOIS  
Pollution Control Board

*P.C. 111*

IN THE MATTER OF: )  
 )  
NATURAL GAS-FIRED, PEAK LOAD ) R01-10  
ELECTRICAL POWER GENERATING )  
FACILITIES (PEAKER PLANTS) )

**COMMENTS OF THE ASSOCIATION OF ILLINOIS ELECTRIC COOPERATIVES**

The Association of Illinois Electric Cooperatives is the statewide service organization for Illinois' 27 electric cooperatives. The 25 electric distribution cooperatives provide electric service to more than 600,000 Illinoisans, located primarily in rural areas of 86 of the state's 102 counties. Two generation and transmission cooperatives supply wholesale power to the majority of the state's distribution cooperatives.

Illinois electric cooperatives are not-for-profit organizations. Each electric cooperative is governed by a board of directors, nominated and elected by the member-consumers who receive electric service from that cooperative. Local control through the locally-elected boards of directors ensures all cooperative member-consumers a voice in rates, policies, member rights and other matters relating to the operation of their electric cooperative.

First organized in the 1930's and 1940's, Illinois electric cooperatives today remain dedicated to providing an adequate supply of electric power at the most reasonable cost possible to ensure the economic prosperity and well-being of their member-consumers. The 1997 Illinois electric deregulation law recognized the unique nature of electric cooperative and municipal electric systems -- both operate on a not-for-profit basis and, in each instance, the systems' consumers are also the owners of the system. Article XVII of Illinois' deregulation law grants co-ops and municipal systems "local control" over decisions relating to a deregulated marketplace. Since the enactment of that law, each electric cooperative board has been diligently studying how to best serve their member-consumers in the new marketplace. Prompted in part by price volatility during the summers of 1998 and 1999, a number of cooperatives have taken steps to secure additional generation capacity.

Two Illinois cooperatives have recently announced plans to increase coal-fired generation, using advanced "clean coal" technologies. Several other cooperatives have decided to utilize natural-gas-fired peaker plants. Electric cooperatives -- local organizations in the truest sense -- are committed to being good neighbors. Where peaker plants have been utilized, it has been in response to the needs of the co-op's retail member-consumers. In each case, planned peaker plants have been located in sparsely-populated and remote rural downstate areas, without objection from local residents, and with the support of local government.

The Illinois Environmental Protection Agency's public position has been that evaluations of new peaker plants for which it has received permit applications have indicated that the plants will not have a measurable impact on air quality; further, that if a source does not have measurable impact on air quality, there should not be an adverse health impact. We believe that the IPCB hearings have not produced strong evidence to the contrary. In fact, a great deal of testimony indicates that peaker plants are among the "cleanest" answers to the need for additional generation capacity.

Sufficient generation capacity is absolutely essential to fulfilling the responsibility of providing adequate, reliable energy at an affordable price. The electric cooperatives of Illinois respectfully suggest that to impose new and burdensome regulations regarding installation of new gas-fired peaker plants, especially in light of California's recent experiences, would be unwise.

Respectfully submitted,

By: 

Earl W. Struck  
President/CEO

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Earl W. Struck  
President, Association of Illinois  
Electric Cooperatives  
P.O. Box 3787  
Springfield, IL 62708  
(217) 529-5561