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STATE OF ILLINOIS
Pollution Control Board

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:)	
)	
NATURAL GAS-FIRED, PEAK-LOAD)	R01-10
ELECTRICAL POWER GENERATING)	
FACILITIES (PEAKER PLANTS))	<i>P.c. #110</i>

COMMENTS OF THE ILLINOIS MUNICIPAL ELECTRIC AGENCY

The Illinois Municipal Electric Agency ("IMEA") is a not-for-profit unit of municipal government made up of 39 of the State's 42 municipally-operated electric systems. The municipal systems of Illinois are relatively evenly distributed through the control areas of Commonwealth Edison, Illinois Power and AmerenCIPS. These municipal systems serve approximately 475,000 Illinois citizens.

The IMEA's primary function is to provide wholesale electricity to its members. The individual municipally-operated electric systems then resell that electricity to their retail customers. IMEA's power comes from a variety of sources. IMEA owns some generating facilities and also contracts for additional power with other power providers. This can and does include the purchase of power on the daily market in peak periods. Not only does IMEA arrange for a sufficient quantity of electricity, it also schedules the delivery of that power to each community over the State's transmission grid on a real time basis.

At this time, IMEA has contracts with 28 of the State's 42 municipal systems to provide all, or most, of their wholesale electricity. While our peak load is not large when compared to the biggest utilities, our members' peak has grown significantly in recent years. It is up 33% over the past decade, from 300 MW to 400 MW.

Since municipal systems are essentially islands and few have sufficient generation to satisfy their own needs, a vibrant wholesale power market is vital for the health and well-being of our members' citizens. It is instructive to remember that electricity is the only product that must be produced at the exact moment it is consumed. Because of this fact, a reliable electric market requires generation sources in comfortable excess of projected peak demand. Without sufficient resources, prices will increase and reliability will suffer. California in the summer of 2000 is the best example of the truth of that statement.

In addition, generation sources should be located in relatively close proximity to the load they serve. Today's transmission grid is not the interstate highway to which some have compared it. Rather, it is a crosshatching of two lane roads with many areas of heavy traffic and troublesome congestion on the busiest days. Those high volume, peak load days create transmission bottlenecks that have threatened parts of the State with mandatory curtailments as recently as this summer.

As a result of our day to day experience in the power market, we respectfully request that the State do nothing to create power shortages in Illinois through new and restrictive regulation of natural gas-fired, gas turbine peaking plants. They are, by almost any measure, the cleanest source of power generation available today that can satisfy peak load needs.

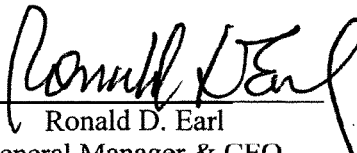
Of course, it would be ideal if even greener sources of power, such as wind, solar, or hydro, could satisfy the State's growing needs. But such sources of power are not

available on demand and often, in peak times, are not available at all. Therefore, we are left with natural gas-fired peaking facilities as the best alternative.

Without sufficient power generation, higher costs and diminished reliability (perhaps severely diminished reliability) will result. Natural gas-fired peaking plants are a vital component in the State's power portfolio and their construction and operation should not be discouraged by unnecessary and burdensome new regulations.

The IMEA appreciates the opportunity to comment in these proceedings.

Respectfully submitted,

By: 
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Dated: October 31, 2000

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