



Overseer's Undercurrent Goodnight, Mohave. Good Riddance.

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If ever there was a power plant that should be shuttered and dismantled, it is the Mohave steam plant near Laughlin, Nevada. So it's welcome news that the plant's utility owners, particularly Southern California Edison, have given up on trying to restart the facility (see story at page x).

Give up on selling it. Take it down.

The next step should be to figure out how to replace the lost capacity with newer, cleaner technologies. As part and parcel of that, Mohave's owners need to find a way to bring needed economic development to the Navajo and Hopi tribes, who have been taken advantage of, and impoverished by, their devil's dealings with the utilities and the Peabody Coal Company.

Considered the single largest pollution source in the Southwest, Mohave also stole precious water from a threatened aquifer some 275 miles to the north at Black Mesa. The water, about 4,500 acre-feet per year, has been mixed with pulverized coal mined by Peabody, using Native American labor, and shipped via a coal-slurry pipeline to the generation project.

Under any other circumstances, this slurry-pipe system would never pass muster with environmental rules, but a long history of backroom dealings between government, corporations, and some duplicitous tribal representatives resulted in very favorable contracts for Peabody. This in turn provided the Mohave station with distinct cost advantages, and a source of jobs for the tribes in a place where jobs of any kind are hard to come by.

Although tribal leaders have worried that terminating this situation will bring further economic harm, the truth is that both the water and the coal have been severely undervalued, and the apparent cost advantages for the power station were a sham. We were paying instead by depleting water supplies for Black Mesa residents, by polluting the skies over the Grand Canyon and dozens of other parks, and by countenancing a kind of indentured servitude for the tribe members.

Some Native American factions, particularly the Black Mesa Trust, saw this clearly and stood against the more development-oriented tribal leadership desperately trying to keep Mohave open via proceedings at the California Public Utilities Commission (see D04-12-016). The trust's position is that the water is more important than the coal mine or the power plant, because without water there is no life. They advocated an entirely different paradigm for economic development in the area that is better aligned with Native American cultural values and, coincidentally, is a better fit for California's stated energy policies emphasizing conservation, renewables, and clean energy.

Six years ago, the utilities that own Mohave made a big promise to settle litigation brought by environmental groups over sulfur pollution from the plant. They said they would install

state-of-the-art pollution controls by the end of 2005, or shut the plant down. That promise was formalized as a court-approved consent decree.

Those upgrades kept getting deferred, and the promise was never kept.

On my more charitable days, I accept that uncertainties regarding the water and coal contracts made it difficult for the owners to commit to more than \$1 billion in capital upgrades. Mostly, though, I believe it was a cynical ploy that was never expected to matter, because Edison intended to sell its majority share of the plant as part of unbundling assets promoted by the "stranded-cost recovery" portion of the state's electric restructuring program. It would become somebody else's problem.

When power markets went crazy, though, the Mohave sale got shelved by a paranoid California Public Utilities Commission intent on reasserting control over the failing system. Even after the crisis passed, it seemed like continuing to run Mohave was a good hedge against volatile natural gas prices. And it certainly was a beneficial asset for its owners in the Southwest - almost completely depreciated, cheap to run, and very well located - if you disregard the \$1 billion commitment, which they did.

Now it's time to look at the situation with fresh eyes. There are plenty of other power plants in the area that can produce cleaner energy at competitive prices. There are newer technologies that greatly reduce pollution - not just the sulfur that was of concern in the litigation, but also carbon, mercury, and particulates. There is a strong statement of support for renewables by regulators and the likelihood that even out-of-state power brought into California must meet stringent air-quality standards. There is a desire by the Black Mesa residents to develop wind or solar on their lands.

The Hopi and Navajo people are creative and intelligent. Many believe that the Mohave closure is an opportunity, not a disaster. In the words of Black Mesa Trust executive director Vernon Masayesva, "We can develop our resources and enjoy the benefits of a modern society without degrading the environment and our culture."

Many options have recently been explored in the "Potential Mohave Alternatives" report commissioned by Edison for replacement of the utility's nearly 900 MW of Mohave capacity. (I found the report at the Web site of consultant Synapse, www.synapse-energy.com.)

No single alternative stands out as a silver-bullet solution, and the interplay of capital cost, water/land use, jobs, and emissions makes for a difficult balance. Maybe it doesn't even make sense to replace all of the lost capacity from a single source or location. More work and thought needs to go into this, but it should be done in full partnership with the tribes, and it should be considered as part of a regional energy and economic program.

There's a source of money to explore the possibilities, in the form of proceeds from the sale of SOx offsets created by termination of the Mohave power plant. Given that the market value of those offsets roughly equals the expected economic losses from terminating the coal operations at Black Mesa, I'd say that devoting the proceeds to finding a new solution is a good way to compensate the tribes for an unfortunate history of exploitation and broken promises.

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