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Owners of the Bonanza Power Plant in eastern Utah are asking state regulators to let them update the plant so it can continue to burn coal into the 2040s.

Bonanza Power Plant seeks regulators' approval to burn coal into the 2040s

The plant, which powers much of rural Utah, would add pollution controls but still generate greenhouse gases.

By TIM FITZPATRICK

This story is part of The Salt Lake Tribune's ongoing commitment to identify solutions to Utah's biggest challenges through the work of the Innovation Lab.

The nonprofit cooperative that supplies power to most of rural Utah has asked state regulators to let it update the Bonanza Power Plant near Vernal so it can continue to burn coal for at least another decade.

Deseret Power, the nonprofit cooperative that owns Bonanza, filed paperwork asking the Utah Public Service Commission to let it add selective catalytic reduction (SCR) technology to the 500-megawatt power plant so it can continue to operate past 2030. Bonanza provides power to rural electric cooperatives in Utah, Nevada, Arizona and Colorado.

The plant operates under a settlement agreement reached back in 2015. Two environmental groups — Wild Earth Guardians and the Sierra Club — challenged the plant's air quality permit issued by the EPA. The resulting settlement allowed Deseret to burn only 20 million more tons of coal, and then either shut down or install SCR at a cost of tens of millions of dollars. At the time, it was thought that Deseret might shut down the plant rather than invest in the expensive pollution-control equipment. But demand for electricity is climbing, as is the cost and time it takes to acquire and connect new energy sources.

Bonanza is vertically integrated. Deseret Power also owns the plant's coal supply, the Deserado coal mine 35 miles away in western Colorado, and it owns an electrified rail line that carries the coal from the mine to the plant.

12 MILLION MORE TONS

The SCR project "will enable Deseret to take full advantage and utilize all remaining economically recoverable coal reserves under the current federal lease(s) at the Deserado mine, thus making available to Deseret and its members an additional 12 million tons of coal at economical pricing (above the 20-million-ton limit)," said Deseret's PSC filing. "Combined with the remaining balance of permitted coal, the existing leased reserves remaining in the Deserado reserves will sustain continued operation of Bonanza at approximately its current levels through at least 2041 or 2042."

New Biden administration rules could shutter the remaining U.S. coal plants

The regulations could spell the end for plants that burn coal, the fossil fuel that powered the country for more than a century.

By LISA FRIEDMAN and CORAL DAVENPORT

The Biden administration last week placed the final cornerstone of its plan to tackle climate change: a regulation that would force the nation's coal-fired power plants to virtually eliminate the planet-warming pollution they release into the air or shut down.

The regulation from the Environmental Protection Agency requires coal plants in the United States to reduce 90% of their greenhouse pollution by 2039, one year earlier than the agency had initially proposed. The compressed timeline was welcomed by climate activists but condemned by coal executives who said the new standards would be impossible to meet.

The EPA also imposed three additional regulations on coal-burning power plants, including stricter limits on emissions of mercury, a neurotoxin linked to developmental damage in children, from plants that burn lignite coal, the lowest grade of coal. The rules also more

tightly restrict the seepage of toxic ash from coal plants into water supplies and limit the discharge of wastewater from coal plants.

Taken together, the regulations could deliver a death blow in the United States to coal, the fuel that powered the country for much of the last century but has caused global environmental damage. When burned, coal emits more carbon dioxide than any other fuel source.

The new rules regarding power plants come weeks after the administration's other major climate regulations to limit emissions from cars and large trucks in a way that is designed to speed the adoption of electric vehicles. Transportation and electric power are the two largest sources in the United States of the carbon pollution that is driving climate change.

President Joe Biden wants to cut that pollution about 50% from 2005 levels by the end of this decade, and to eliminate emissions from the power sector by 2035.

The coal industry in the United States has been on a precipitous decline for over a decade, as environmental regulations and a boom in natural gas, wind and solar power have made it more expensive to burn coal, and power generation has shifted toward those cheaper, cleaner sources of electricity.

In 2023, coal-fired power plants generated 16.2% of the nation's electricity, according to the U.S. Energy Information Agency, down from a peak of 52% in 1990. There are about 200 coal-burning power plants still operating, with many concentrated in Pennsylvania, Texas and Indiana.

There are only a few ways to eliminate emissions from power plants that burn coal. The chief manner is carbon capture and sequestration, a process that traps emissions from a smokestack before they reach the atmosphere and then stores them. That technology is extremely expensive and not fully deployed at any American coal plant. Some researchers are exploring other technologies, such as converting coal plants to run on ammonia. But none of those have been widely implemented.

The limits on power plant emissions announced Thursday would also apply to future facilities that burn gas, requiring them to capture their emissions or to use a fuel that is nonpolluting. Gas-fired power plants that are currently in operation would be exempt.

"Today, EPA is proud to make good on the Biden-Harris administration's vision to tackle climate change and to protect all communities from pollution in our air, water and in our

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SATISFIES 'GOOD NEIGHBOR'

Deseret officials did not respond to inquiries from The Tribune.

Deseret is telling the PSC it will be uncontested and should be handled informally. "Pursuant to Commission Rules R746-110 and R746-110A(1)(a), and because the matter is anticipated to be unopposed and uncontested, handle the application request by Informal Adjudication."

The Public Service Commission is taking public comment on the filing until May 20.

Sierra Club spokesperson Amy Dominguez questioned whether the project is unopposed.

"A more prudent course of action would be for the company to explore replacing Bonanza with new clean energy, made more affordable thanks to federal incentives under the Inflation Reduction Act and Utah's incredible solar resources."

"It's not possible for Deseret to know whether the project is unopposed and uncontested without allowing the public to respond," she added. "As for Sierra Club, under the terms of a prior settlement agreement, we are unable to formally contest the request at the commission. Although Sierra Club cannot file written comments in the commission, we will continue to carefully review the application and provide public analysis."

Wild Earth Guardians declined to comment on Deseret's filing.

Selective catalytic reduction significantly reduces NOx emissions, which are a precursor in the formation of ozone. By adding SCR, Bonanza's emissions would be low enough to comply with the federal Ozone Transport Rule (OTR). That so-called "good neighbor" rule requires power plants to keep NOx emissions low enough that they won't increase ozone levels in other states.

But the Ozone Transport Rule currently isn't being enforced while the Supreme Court weighs whether the rule is legitimate regulation or an overreach by the federal Environmental Protection Agency without the proper congressional approval.

"By adding SCR, Bonanza Unit 1 can operate at levels that would permit operations even under the OTR with reasonably manageable costs associated with compliance strategy for achieving the required emissions limits," the filing states. "The SCR provides the best currently available probability to enable Bonanza Unit 1 to satisfy these and other possible initiatives as part of a reasonable, responsible, near and intermediate-term compliance strategy."

Deseret also noted that Bonanza is in a federally designated "non-attainment area" for ozone. The Uinta Basin, where most of Utah's oil

and gas production happens, has had elevated ozone levels for years despite its low pollution.

"Reducing NOx emissions in the non-attainment area where Bonanza is situated may carry significant co-benefits to the community and for possible future permit applications," the filing states, noting that it could help Deseret get EPA approval for a separate 51-megawatt natural gas-powered plant at the site, which would be used for "peaking" times when demand exceeds what Bonanza produces.

NO CLIMATE BENEFIT

But SCR does nothing to reduce the amount of carbon dioxide released when the coal is burned, and carbon dioxide is the largest contributor to climate change. Coal is considered the least climate-friendly fossil fuel because it releases more carbon dioxide when it is burned than petroleum or natural gas. In 2022, coal was responsible for 20% of U.S. electricity generation but 55% of the carbon dioxide coming from power plants.

In the filing, Deseret acknowledged there is risk in continuing with coal if future regulators were to limit coal burning or add additional costs, like a carbon fee or tax, but it considers that risk low.

"Due future legal and regulatory framework for continued operation of Bonanza Unit 1, most

notably, potential future initiatives to further curtail or place significant conditions on coal-fired electricity generation, is an unavoidable element to be considered in the operational and financial success of the project," the filing states. "Based on its economic analysis, Deseret is confident that the SCR will add sufficient additional generation output, using existing proven leased coal reserves at the Deserado Mine, that its confidence in the likelihood of a positive payback for this investment is deemed to be extremely high."

Deseret's filing comes less than a month after Utah's largest electrical utility, Rocky Mountain Power, reversed its decision to close its Emery County coal plant by 2032 and replace them with renewable sources, battery storage and small nuclear power plants. Instead, Rocky Mountain said April 1 that it will continue to burn coal at the plant until their original retirement dates in 2036 and 2042.

Meanwhile, Utah's largest coal-fired power plant, the Intermountain Power project near Delta, is scheduled to close next year when a new natural gas/hydrogen plant begins operation. But the Utah Legislature passed a bill earlier this year to force IPPs owners to revise their air quality permit to keep half the coal plant open on the hope that someone, perhaps even the state of Utah, will keep it running.

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