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Just say 'jobs,' we'll do what you want

Just because the Range is the ideal place, i.e. desperate, to build a large industrial facility doesn't mean a facility should be built. As other projects are proposed for the Range (copper mining comes to mind), we'd best look plenty long, and soberly, before leaping.

By: **Pete Langr**, for the Budgeteer

Recently, the Duluth News Tribune published a series of articles on Excelsior Energy, the company that's been able to access \$40 million in government money to not build the \$2.1 billion "Mesaba" coal gasification power plant on the Iron Range.

Excelsior, led by former energy executives turned lobbyists, now appears to find itself in dire straits, unable to get needed financing for the plant, and running out of cash.

In response, the News Tribune editorialist asked a series of questions, including, "What happened to our more than \$40 million?"

That's a good question, to be sure, but keeping track of the money after it's been given away isn't nearly as important as the decision to give it away in the first place.

Consider the following. The original Mesaba proposal, as reported in the News Tribune, was planned to produce more than the entire generating capacity of Minnesota Power. Early on, the legislature exempted Mesaba from the "certificate of need" required of other proposed power plants, and volunteered a highly reluctant Xcel Energy as the dedicated buyer for the power, which Xcel eventually said could cost its ratepayers up to \$1.5 billion. Accordingly, the Minnesota Chamber of Commerce joined in opposition to the project.

Beyond all this, environmentalists have continually questioned the wisdom of building another coal-fired power plant to emit global warming pollution (even though Mesaba would be a major improvement over a traditional plant).

Given that information, the real question shouldn't be to wonder where our \$40 million went. The real question should be, "Why did so many jump onto the bandwagon so quickly for a project that practically screamed 'Caution, go slow'?"

Admittedly, in the early stages Excelsior looked good in some ways. At the time, Vice President Cheney was warning of "storm clouds" of energy crisis. A manufactured electricity shortage in California left many Americans believing they could be next. The Iron Range was in another of its periodic crises.

Then Excelsior announced its speculative plans for a power plant, and jobs.

And in northeastern Minnesota, when somebody says "jobs", politicians and others say, "Yes, Sir, what can we get for you, Sir?" And things like special legislation and millions of dollars and Iron Range chopstick factories appear out of nowhere.

Those plans to put the plant on the Range should in itself have been a clue to investigate carefully. Power plants are ideally positioned for easy access to their fuel source or their customers, and Mesaba would have been near neither.

For that reason Marshall Johnson, of the Minnesota Public Utilities Commission, which denied Excelsior's request to construct the plant because of cost concerns, suggested that the plant should be built elsewhere. Another critic suggested the plant should be built in North Dakota, where it might be cheaper to capture the carbon (and which happens to sit on coal deposits).

Excelsior co-CEO Tom Micheletti responded to site-criticism by saying that "Finding a site for any large industrial facility nowadays is extremely difficult."

In large part, it seems that's because in many other places, when someone says the magical word "jobs," people don't jump quite as high, and they investigate a little more closely to see if the company makes economic sense, and they aren't as likely to transfer quite so much government money, and they may be more reluctant to invest in another long-term carbon source.

Thus, in other places, over 150 proposed coal-burning power plants have been scuttled over the past few years, but Excelsior still hangs on, at least in modified form. The Iron Range indeed appears to be the ideal place to build a "large industrial facility," especially one that its customers may not really want or need.

Excelsior may eventually succeed in building some sort of power plant on the Range, although at this point Minnesota's utilities tell us they won't need a large new baseload plant until 2026.

But just because the Range is the ideal place, i.e. desperate, to build a large industrial facility doesn't mean a facility should be built. As other projects are proposed for the Range (copper mining comes to mind), we'd best look plenty long, and soberly, before leaping.

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