



HANNIBAL BOARD OF PUBLIC WORKS

ELECTRIC, WATER AND WASTEWATER

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DATE: February 23, 2016
TO: Hannibal Courier - Post
FROM: Robert W. Stevenson, P.E.
Re: Wind Energy-State of the Industry

The Hannibal Board of Public Works has recently stirred a big controversy as word has spread that we are considering an offer from Clean Line Energy to be a customer of theirs and bring wind energy into Hannibal's energy supply mix. I would like to take this space in the Courier –Post to explain the challenges and opportunities we face over the next few months as we evaluate and possibly negotiate a Clean Line offer.

First, an apology to those concerned citizens who for the last several weeks have perceived the HBPW to be secretive or unwilling to discuss this opportunity. Initially, Clean Line Energy asked if they could come to town and present a proposal to the Board and City Council. They requested a confidential meeting to discuss pricing they were willing to offer the city noting our pricing was different than that being offered to other cities. Since pricing sensitivity is a big deal throughout the entire wholesale electricity industry and since we have had similar requests from other such power suppliers in the past, I gave too little thought to how citizens might react to being left out of the discussion, and for that I apologize.

We will now try to make that right by sharing all we know about the company, the offer, the risks and rewards, warts and all. Eventually the Board and the City Council may be asked to vote on some kind of definitive contract. It would be fitting, then, that we are all working with the same information. I have more information than I can not stuff into just one Guest Column in the Courier –Post. Hopefully the C-P will agree to print the rest of this series of articles over the next few weeks. We also intend to post information as it develops on our Facebook page and our website. www.hannibalbpw.org.

Second, a brief history: Wind energy resources have been under serious and constant development for about 25 years. Since the beginning the federal government has subsidized research, manufacturing, installation, and operation of wind generators. Subsidies come in various forms including cash incentives, tax incentives, legal mandates, and public education campaigns. Since Obama took office these subsidies have drastically increased to the point that traditional power sources like coal and nuclear plants are struggling to compete with the subsidized wind projects. Today, the market price of wind energy is less than half that of a traditional coal plant. This fact is a game changer for me.

I have spent my career in coal based energy plants and electric utility systems. Most of that time I would loudly mock wind energy as the love child of a certain class of environmental elites who did not care if our society had enough electric power to run our economy. I have had to eat my words. Today

we see government subsidized research paying off in the real world. Wind generator efficiency and reliability has reached levels I thought would never happen. Efficiency has improved to the point that now the subsidies are being reduced and will eventually go away. This fact is a game changer for us all.

Now, even though the generators are better, the big challenge remaining is connecting the thousands of generators to the customers who need the power. I hope to make that topic the focus of my next Guest Column. Stay tuned.