

Energy Insider by William Engdahl

Congress passes 'oil backout' law

You're not going to believe this one, folks. . .

The "Power Plant Fuels Conservation Act of 1980," commonly referred to as the "Oil Backout Bill," became law several days ago when the Senate passed the \$4.2 billion "Phase I" package sponsored by Illinois Republican Senator Chuck Percy. What are we getting for our money in this one? Hold on to your hat.

This new piece of government agency lunacy prohibits future oil burning in some 80 utility powerplants east of the Mississippi River. Of the \$4.2 billion, \$3.6 will go toward grants from our sagacious Department of Energy to electric utilities to convert some 21,654 megawatts of power capacity at 107 generating units by 1985.

The political hype on this is that it will save the nation some 400,000 barrels per day of nasty OPEC-imported oil of the current total burned by utilities of 1.4 million barrels per day.

This will require the additional burning of 40 million tons per year of coal. To help offset the expected wave of protests over the resulting pollution from the burning of high-sulfur coal, \$600 million is provided to help the utilities install costly scrubbers to remove the sulfur.

This will most severely affect the industrial Northeast—most strongly, the states of New York, Massachusetts, and Connecticut—where alongside nuclear sources, imported residual fuel is a major power source.

In many cases, we are talking of reconverting plants that years ago switched from burning coal to residual fuel for economic reasons. The original grades of coal used in these cases may be unavailable, requiring use of softer, high-sulfur coal which could be prohibitively costly for cash-strapped utilities. Many utilities could end up closed.

One engineering consultant who has studied the problems warns that the forced shutdown of such a major chunk of the region's power-generating capacity could pass the danger line. Especially with the only new facility in the region, the Seabrook, New Hampshire nuclear plant delayed by endless environmental harassment and legal and financial pressures.

"The region's reserve margin will drop way below acceptable levels," according to the estimate prepared for the Engineering Societies' Commission on Energy. Here are just a few of the problems they foresee.

The delivery of 40 million tons of coal into the region will bring with it major increases in air, water and noise pollution. Waste disposal of coal fly and bottom ash as well as scrubber sludges will be a major problem. Land for such waste dumping, even if environmental restrictions are waived, is at a premium. Add to that large land space for coal handling and storage at plants that now burn oil. In many cases, new or refurbished rail lines

from the coal fields of Pennsylvania or West Virginia, or port links for barge delivery must be added to the cost calculations. Present coal-handling facilities at East Coast ports are "jammed to capacity" and the decrepit rail system in the Northeast "is just not suitable for handling the capacity of coal that is expected," according to a source at Dravo of Pittsburgh.

Now utilities such as Long Island Lighting Co. are faced with the prospect of converting 10 of its units with a total capacity of 2,391 Megawatts at an estimated toll of \$3.2 billion. This includes a \$1 billion price tag just for cost of scrubbers. Not surprisingly, they would prefer to begin new nuclear construction. It's far wiser environmentally and economically than converting these oil-fired plants to coal.

Indeed, the only way the Percy bill makes sense is when you realize that faceless bureaucrats such as DOE Deputy Secretary John Sawhill, a staunch supporter of the high-cost energy strategy and an ardent opponent of nuclear, are not bungling for lack of an overall strategy. I recommend you purchase a study commissioned by a small, but highly influential, group known as the New York Council on Foreign Relations.

It is their blueprint for the decade of the 1980s. In the volume titled *Alternatives to Monetary Disorder*, they propose "controlled economic disintegration" of the U.S. economy as the only effective way to stop man's tenacious tendency to advance through scientific progress. Both John Sawhill and his friend Charles Percy are members of this elite collection of fools in the Council.