

For Release: Immediate
Office

Date: March 5, 2011

Media Contact: Governor's Communications

Phone: 360-902-4136

Gov. Gregoire announces agreement with TransAlta

Company agrees to transition off of coal, invest in energy efficiency projects and innovative energy technologies

OLYMPIA— Gov. Chris Gregoire today announced a proposed agreement has been reached with TransAlta to significantly reduce emissions from the company's coal-fired power plant in the Centralia area. The agreement was negotiated by TransAlta, the state of Washington and members of the environmental community to ensure a transition to cleaner power while allowing the necessary time to provide economic stability to Southwest Washington.

“What a proud day for the Centralia community, and all of Washington state,” Gregoire said. “I congratulate all of the parties involved who worked in good faith, and spent countless hours to achieve this agreement. This compromise promises cleaner air for our future, while providing the necessary time to ensure economic stability, job protection and enough power on the grid to keep our homes and businesses running. I encourage the Legislature to take timely action to ensure this agreement moves forward.”

In 2009, Gregoire signed an executive order directing the Department of Ecology to work with TransAlta to establish an agreed order that would apply the greenhouse gas emissions performance standards by no later than December 31, 2025.

Today's agreement moves up the performance standards for one of two boilers to Dec. 31, 2020 and the other boiler on Dec. 31, 2025.

“We're pleased to see all parties agree on legislation that balances the interests of jobs, the economy, energy and the environment,” said Stephen Snyder, President and CEO of TransAlta. “This legislation meets our commitment to a low-carbon future through transition from coal to gas in Washington, significantly reduces our environmental risk and allows us to provide fair shareholder value through favorable long-term contracts while protecting jobs and the economy of the local community.”

Senator Phil Rockefeller introduced an amendment which would incorporate the new agreement into SB 5769, which would establish the first coal-free date in law. This amendment includes:

- TransAlta will be allowed in the interim to sell coal power under long-term contracts within Washington – which will give the company the financial stability needed to transition to a cleaner source of energy;
- The plant's two coal boilers will meet the state's emissions performance standard for new and modified power plants, which will require the boilers to shut down. The standard will

apply to one boiler on Dec. 31, 2020, and to the other boiler on Dec. 31, 2025 – essentially ending coal-fired power in Washington state in the next 14 years;

- In 2013, TransAlta will install additional air pollution control technology to further reduce emissions of nitrogen oxides at the plant. This technology is called selective non-catalytic reduction (SNCR). The TransAlta plant is the state’s largest single industrial source of nitrogen oxide emissions. Nitrogen oxides are one of the causes of visibility-limiting regional haze in national parks and on federal lands; and
- TransAlta agrees to contribute \$30 million in a community investment fund to help with energy efficiency projects, as well as \$25 million in an energy technology transition fund, which must be spent on supporting innovative energy technologies and companies in Washington state.

“It’s great news that TransAlta and the people interested in the future of the Centralia community and clean air have come together on a proposed agreement,” said Rockefeller. “I congratulate them, but at the same time recognize we have a lot of work ahead of us. The amendment I have prepared will capture the recent agreement in legislative language. Sen. Dan Swecker from Lewis County has signed onto this amendment and I hope others follow. I look forward to working with my colleagues on both sides of the aisle, the company and the governor to arrive at a final agreement.”

“Clean air and water have always been my top priority,” Rep. Marko Liias said, “and this compromise goes a long way towards protecting our environment and preserving good jobs. I’m glad to see TransAlta has agreed to this solution, which will provide \$55 million towards the local community and economy.”

“This is a giant step forward toward a healthier and safer Washington, free from coal,” said Bruce Nilles, Deputy Conservation Director with the Sierra Club. “We are leaving coal pollution in the past as we continue building the clean energy economy of today. We thank the Governor, TransAlta, Sen. Rockefeller, Rep. Liias, the people of Lewis County and the Environmental Priorities Coalition for their efforts in achieving this historic agreement.”

“We are excited to be a part of this solution, which will help Washington transition to a clean energy economy, safeguard public health, and provide a secure economic future for Lewis County. We look forward to working closely with the Legislature to ensure passage of this groundbreaking agreement,” said Rod Brown, President, Washington Environmental Council.

“Our priority was maintaining family-wage jobs in the Centralia area,” said Bob Guenther from the Thurston-Lewis-Mason Central Labor Council, IBEW 77. “That’s what every community needs to thrive, and Centralia is no exception. TransAlta provides critical employment opportunities to ensure a strong economy in Southwest Washington, and I’m pleased that our goal of sustaining good jobs was met with this agreement while providing certainty for all involved including the community, labor, the company, the environment and the grid.”

###