

## Tenaska's Taylorville Energy Center Selected By U.S. DOE For Loan Guarantee Program; Illinois Electric Ratepayers Could Save Up To \$60 Million Per Year With \$2.5 Billion Guarantee

TAYLORVILLE, Ill.--(BUSINESS WIRE)--Tenaska, managing partner for the \$3.5 billion Taylorville Energy Center (TEC), announced today that, following a competitive six-month application process, it has been selected by the U.S. Department of Energy (DOE) to proceed into the term sheet negotiation phase under the DOE Loan Guarantee Program. The amount of the guarantee will be up to \$2.579 billion, depending on the final project costs and capital structure.

Upon completion of due diligence and negotiations, the Taylorville project expects to receive a federal government guarantee of its debt, which will greatly reduce financing costs. Because TEC financing costs are included in electric rates under the recently enacted Illinois Clean Coal Portfolio Standard Law, the DOE loan guarantee results in savings of between \$40 and \$60 million per year to Illinois consumers.

"This is a very important step toward securing a clean coal facility in Taylorville. The federal loan guarantee would significantly reduce the cost of financing the construction of the facility," said Attorney General Lisa Madigan. "That's important because cost will be a critical factor when the General Assembly reviews this project next year."

The DOE Loan Guarantee Program, instituted in the Energy Policy Act of 2005, is designed to spur technological innovation in fossil fuel energy development. It essentially gave the U.S. government the ability to back loans for advanced clean energy projects, thereby lowering financing costs.

Rep. John Shimkus (Ill. -19), who represents the Taylorville area in Congress, added, "I have been a vocal supporter of Illinois coal use and particularly the Taylorville Energy Center. I appreciate the state making changes to their laws that are beneficial to both electricity consumers and the coal industry."

Tenaska's application for this program required an extensive review of the viability and creditworthiness of the project, including an independent engineers report and a preliminary credit rating. Tenaska received the support of 11 members of the Illinois congressional delegation for TEC's application.

"Tenaska is pleased that U.S. DOE is joining with the state of Illinois in supporting this project," said Bart Ford, Tenaska vice president. "This joint state/federal effort is exactly what is needed in order to show that coal can be used on a commercial scale to produce power with no greater emissions than natural gas plants. The implications for the State of Illinois and the country as a whole are enormous."

Tenaska Vice President and Treasurer Greg Van Dyke added, "TEC's notification of 'Selection to Proceed with Due Diligence and Negotiation Leading to a Conditional Commitment' is important because it shows that TEC has prevailed in the competitive process for a loan guarantee based on the merits of the project. What remains is the normal financing process of due diligence, term sheet negotiations and loan documentation. Closing is also dependent upon final approval by the Illinois General Assembly next spring."

Tenaska continues to move forward with the front end engineering and design (FEED) work required by the Illinois Clean Coal Portfolio Standard law. The FEED is expected to include more than 100,000 work hours by the time its facility cost report is presented to the Illinois Commerce Commission in early 2010.

Once built, TEC will be one of the nation's first commercial-scale, coal gasification with carbon capture plants. Its technology will convert coal into substitute natural gas which will be used for electricity generation or fed into the interstate natural gas pipeline system. By capturing and storing more than 50 percent of the carbon dioxide (CO<sub>2</sub>) it produces, TEC will have an emissions profile comparable to a natural gas-fueled plant. Achieving such a dramatic reduction in greenhouse gases by a coal-fueled plant is a vital step in the global effort to combat climate change.

TEC will create 1,500 construction jobs and hundreds of permanent mining and plant operations jobs. Tenaska expects the plant will capture and sequester up to three million tons of CO<sub>2</sub> per year, and will result in a significant reduction in net power plant CO<sub>2</sub> emissions, as higher emitting power facilities are displaced by the cleaner, more efficient, TEC.

Citigroup Global Markets Inc. acted as the financial advisor on the DOE Loan Guarantee Program for the Taylorville project. Capital Technology, Inc. also provided advisory services to Tenaska during the application process. TEC has received funding from the State of Illinois Department of Commerce and Economic Opportunity.

## **About Tenaska**

Tenaska has developed approximately 9,000 megawatts (MW) of electric generating capacity across the United States. Tenaska's affiliates operate and manage eight power plants in six states totaling more than 6,700 MW of generating capacity owned in partnership with other companies. Tenaska Capital Management, an affiliate, provides management services for standalone private equity funds, with more than \$4 billion in assets, including nine power plants (with approximately 5,400 MW of capacity), natural gas assets, and transmission infrastructure construction and maintenance operations.

Tenaska is applying proven pre and post combustion technologies on a commercial scale in its two environmentally friendly clean coal projects. Taylorville Energy Center in Taylorville, Ill., incorporating coal gasification, combined-cycle and CO<sub>2</sub> capture and sequestration technology, will be among the first of its kind in the nation. Trailblazer Energy Center in Nolan County, Texas, is expected to be the first commercial scale, conventional coal-fueled power plant in the world to capture a significant portion of its CO<sub>2</sub> after combustion. This plant's success would demonstrate how existing plants in the U.S. and China could be retrofitted immediately and cost-effectively with this carbon-reducing technology. In 2008, Tenaska was listed in benchmarking studies by the Natural Resources Defense Council as having the best fleet-wide record in the United States for controlling emissions of CO<sub>2</sub> and one of the top performing companies for controlling emissions of nitrogen oxides and sulfur dioxide. For more information about Tenaska, visit [www.tenaska.com](http://www.tenaska.com).

## **About Christian County Generation, LLC**

Christian County Generation, LLC, a joint venture of Omaha-based independent power developer Tenaska and Louisville, Ky.-based MDL Holding Co., LLC. is developing the Taylorville Energy Center (TEC). TEC is the first clean coal power plant proposed for the state. It will incorporate coal gasification, combined-cycle and CO<sub>2</sub> capture and sequestration technology, making it among the most environmentally-responsible, commercially-sized coal plants in the world.

*The Hybrid Integrated Gasification Combined-Cycle (IGCC) process for the Taylorville Energy Center is available for viewing and downloading at [www.cleancoalillinois.com](http://www.cleancoalillinois.com), along with details on the project, the technology and the law. Permission to reproduce the illustration in news materials has been granted by Tenaska.*

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