



Department of Commerce and Economic Opportunity

Rod R. Blagojevich, Governor / Jack Lavin, Director

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Blagojevich Signs Bill To Offer \$300 Million In New Funds To Promote Use Of Illinois Coal, Create New Jobs

Incentives Offered To Businesses Willing To Build Clean Coal Power Plants. Every 1,500 Megawatt Plant Built Means 4,000 New Jobs.

CARTERVILLE, ILL. – During a visit to the Southern Illinois University Coal Development Park, Gov. Rod R. Blagojevich today signed legislation designed to further the development of Illinois' abundant coal reserves by offering \$300 million in new bond funds to help finance the construction of advanced technology coal power plants.

"For the past several decades, we have been led to believe that it was not possible to use Illinois coal and meet federal environmental standards," Blagojevich said. "But thanks to new technology our coal can be burned without harming the environment and, at the same time, we can get the coal industry here in Illinois back on its feet and get thousands of hardworking people back on the job."

The legislation, House Bill 2866, which was sponsored by state Rep. Dan Reitz, D-Steeleville and promoted by the governor in his State of the State address, would provide state backing to bonds for companies that agree to use the funds to build new plants or convert existing plants to use clean coal technology. Such backing is considered critical to reducing interest costs, thereby helping companies initiate construction or improvement projects that might otherwise not be started.

Since the price tag for a new plant is estimated at between \$1.5 billion and \$2 billion, a lower interest rate means savings of millions of dollars and could determine whether or not a project moves forward. Providing what are called "moral obligation bonds" through the Illinois

Development Financing Authority, the state incurs no financial risk, but the borrower benefits from the state's bond rating.

The legislation also makes it easier and more attractive for new or out-of-state companies to access \$500 million in existing state grants that can be used to build power plants that use Illinois coal. In years past, this potential source of assistance has gone unused because the funds could only be accessed once the plants were up and running. The bill signed today removes that

obstacle and allows developers to be eligible for the funds before construction begins. For companies considering making a \$1 billion plus investment in the state, the governor said that change makes an "enormous difference."

Blagojevich said the legislation represents a new way of approaching the coal issue and stands in contrast to previously held notions that economic and environmental concerns were mutually exclusive.

"This plan allows power plants to invest in the technology to use Illinois coal again and we can take that first, vital step towards revitalizing our communities, putting people to work and getting the economy of southern and central Illinois back in business," the governor said.

By persuading just five businesses to take advantage of the incentives, the governor estimated that 20,000 new jobs could be created. For every 1,500-megawatt coal burning plant, approximately 4,000 jobs would be created, including positions in mining and construction, as well as jobs based at the power plants and at other sites.

The promise of the legislation already has encouraged plans for a \$1 billion coal plant to be built in Will County on the grounds of the former Joliet Arsenal. The power plant – part of a more than 2,000-acre industrial development in Elwood – is to incorporate clean-coal technology to reduce emissions and allow for the use of as much as two million tons of Illinois coal per year. The plant is slated to begin operation in 2006 and employ 80 workers and create more than 200 coal-mining jobs.

The state's coal mining industry has suffered as stricter federal air standards have forced many power companies to burn coal from western states rather than coal mined in Illinois that has higher sulfur content. Recent advances in "clean coal" technology allow power companies to use coal mined in Illinois and meet federal environmental standards.

Of the 24 coal-burning plants in Illinois, only three facilities – Duck Creek in Canton, Southern Illinois Power Co-op in Marion and City Water, Light and Power Co. in Springfield – use Illinois coal and advanced clean coal technology to reduce pollutants.

During the past 25 years, Illinois' communities that could previously count on revenues and economic activity associated with coal mining have suffered tremendously. Since 1980, downstate communities have seen the number of coal mining jobs drop from more than 18,000 to about 3,500 today.

Illinois ranks ninth in coal producing states, mining more than 33 million tons each year and more than \$1 billion of Illinois is coal is sold each year – 80 percent of which is used to generate electricity.

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