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The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington D.C., DC 20510-0001

Dear Senator Durbin:

My purpose for writing today is to summarize the status of FutureGen 2.0 and comment on recent remarks by Exelon about the project.

In January 2010, FutureGen was envisioned to be a 275-MW greenfield integrated gasification combined cycle (IGCC) power plant with 90% carbon capture. Its estimated capital cost was \$2.26 billion in as-spent (nominal) dollars. The capital cost was to be covered by a combination of commercial financing, industry contributions, and U.S. Department of Energy funding. To support long-term operation of the plant and debt servicing, a long-term power purchase agreement was to be secured under the provisions of the Illinois Clean Coal Portfolio Standard. The Clean Coal Portfolio Standard was enacted into law by the Illinois General Assembly. It establishes a state goal to secure 25% of Illinois' power from clean coal facilities with carbon capture and storage by 2025. The law incorporates provisions, including a rate cap, to protect Illinois ratepayers. On January 30, 2010, Exelon announced its intent to join the project and was aware of the project structure at that point in time.

In August 2010, driven principally by a high capital cost, the project was restructured to be more affordable. The restructuring involved downsizing the plant, a technology change to oxy-combustion technology, and other changes. This restructuring reduced the estimated capital cost by more than \$500 million. Further, it substantially reduced the impact on the Illinois ratepayer. The estimated rate impact is approximately 1.3%, which is well below the 2.015% statutory cap specified in the Illinois Clean Coal Portfolio Standard. The bottom line is that both project costs and ratepayer impacts have been reduced since January 2010. Any assertions to the contrary are not rooted in fact.

As part of its overall responsibility to approve the annual power procurement plan for the state, the Illinois Power Agency (IPA) conducted its own review of the FutureGen 2.0 proposed power purchase agreement (also referred to as the sourcing agreement), commissioned an independent benchmarking analysis of the costs of the power purchase agreement, and included the power purchase agreement in its annual power procurement plan. The IPA's annual procurement plan was then submitted to the Illinois Commerce Commission (ICC), which approved the overall plan, including the terms of FutureGen 2.0's 20-year power purchase agreement, and directed that the Illinois utilities (ComEd and Ameren Illinois), as well as Alternative Retail Electric Suppliers (ARES), purchase FutureGen 2.0's power.

The ICC order expressly held that:

- The ICC has authority under the IPA Act and the Public Utilities Act (PUA) to include the FutureGen 2.0 Project in the 2013 IPA Procurement Plan (page 231 of the ICC Order).
- There is a requirement to purchase clean coal power and the ICC has authority under the IPA Act and the PUA to order both the utilities (ComEd and Ameren Illinois) and the Alternative Retail Energy Suppliers (ARES) to enter into a power purchase agreement with FutureGen (page 231 of the ICC Order).
- FutureGen 2.0's expected increase in customer rates over the proposed term of the agreement is well below the statutory rate caps (page 233 of the ICC Order).
- The power purchase agreement will deliver the least cost clean coal power presently available for the 2013 IPA Procurement Plan (page 235 of the ICC Order).
- The 2013 IPA Procurement Plan will ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability (page 236 of the ICC Order).

Following the order, ComEd (a subsidiary of Exelon) and several trade associations that primarily represent the ARES requested rehearing by the ICC of its approval of the power purchase agreement. The rehearing requests were denied by the ICC. As allowed by law, ComEd notified the ICC that they would appeal the order to the State Appellate Court. We are disappointed with ComEd's decision to appeal. However, we believe that the ICC's order lies on firm legal ground, and do not believe that the appeals will be successful. We do respect the fact that appeals are a normal part of the process. We are further disappointed with Exelon's decision not to participate fully in the project going forward after participating materially from 2010 to 2012. However, in no way does the Alliance intend to slow its efforts to develop FutureGen 2.0 while any appeal is pending. Some in the media will choose to focus on why certain companies decided not to participate further in FutureGen 2.0. The Alliance will not speculate on why those decisions were made. Instead, I would point to the more important fact that there is a core group of leading companies that continue to make financial and technical contributions to move the project forward and make remarkable progress.

As you know, FutureGen 2.0 represents an extraordinary economic development opportunity for the State of Illinois. It will also boldly advance clean coal technology with carbon capture and storage technology which is essential to a clean energy future. I want to personally thank you for your leadership in helping make FutureGen 2.0 a reality.

Sincerely,



Ken Humphreys
Chief Executive Officer
FutureGen Industrial Alliance, Inc.