

Centralia Coal Plant

“Being a good neighbor means investing in the communities in which we operate... The funding enables the community to transition to new sources of energy over a reasonable timeframe as well as manage the economic and employment implications of the scheduled plant closures.”

--Dawn Farrell, CEO of TransAlta, owner of Centralia Coal Plant

Context: Built in 1972, Centralia Coal Plant in southwest Washington has long been a topic of conversation. Currently, the plant employs 300 workers in a town of 17,000 and is owned and operated by TransAlta, who sources coal from the Spring Creek and Rawhide Mines in the Powder River Basin. In 1999, environmental engagement led to the installation of sulfur dioxide scrubbers and other upgrades (totaling more than \$500 million) when TransAlta first acquired the plant. In 2009, Earth Justice challenged the plant’s permit on the basis of its outsized contribution to regional haze. The calls for the plant’s closure then got the needed boost with an executive order from Then-Governor Gregoire. Negotiations sought to balance an ambitious retirement timeline and community transition provisions, resulting in the current settlement: one boiler to shut down in 2020, the other in 2025, with TransAlta providing \$55 million in transition funding.

Transition Negotiation: Governor Gregoire’s order functioned by applying the state’s Emissions Performance Standard, closing the plant’s two boilers by the end of 2025. Gregoire was key in keeping the company and labor at the table during negotiations. Though the initial goal was a 2015 closure, environmental interests accepted the later dates as part of a package of haze controls and an economic transition fund for an area with high levels of poverty (the extra time allowed 40% of workers to reach retirement age). As a result, labor union IBEW supported the settlement. The agreement is embedded in memorandums of understanding (MOUs) and legislation.

Plant Owner Funding: TransAlta’s \$55 million in funds provide grants to Lewis and South Thurston County businesses, nonprofit organizations and local governments in three areas: to improve energy efficiency and weatherization (\$10 million); enhance worker retraining and economic development (\$20 million); and seed energy technology projects that improve our environment (\$25 million). Annual payments began in 2012 and will continue through 2023. Within these larger allocations, funds are also specifically dedicated to displaced workers and low-to-moderate income residents.

Federal Funding: In 2017, the Department of Commerce’s Economic Development Administration awarded \$100,000 to Industrial Park at TransAlta (aka IPAT, a community nonprofit focused on job creation) to analyze the compatibility of land holdings with new economic opportunities, such as businesses considering locating in Centralia.

Just and Equitable Transition
Financing: Case Study at a Glance

CENTRALIA COAL PLANT



Facility: 1460 MW total capacity, two boiler units

Fuel Source: Spring Creek, Rawhide Coal Mines (Powder River Basin)

Location: Centralia, in rural Lewis County in Southwest Washington

History: Built in 1972, bought by TransAlta in 1999, with upgrades in 1999 and 2009

Community: Centralia is a population of 17,000

Employment: 300 employees with average wage of over \$80,000; historically largest local employer

Environmental Record: Regional groups challenged the plant over its contribution to regional haze in 2009, prompting broader action

Operator: TransAlta

Ownership: TransAlta

Operation Status: Boilers to shut down in 2020 and 2025 respectively

Nature of Transition Deal: Initiated by Governor with closure prompted by state performance standards, deal embedded in MOUs and statute

Transition Funding: \$55 million from plant owner over a prolonged closure period; some federal funding