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CONTACT:

Vanessa Ramos, [vanessa.ramos@sierraclub.org](mailto:vanessa.ramos@sierraclub.org), (512) 586 -1853

**NEW [REPORT](#): CPS Energy's Coal Plant Outside San Antonio Lost More Than \$100 Million Since 2015 While Polluting Thousands**

*Report Warns that CPS Could Lose \$100 Million More Unless It Ends Coal Use at Old Coal-Burning Units*

**SAN ANTONIO-** An economic analysis released today by Synapse Energy & Economics found that CPS Energy has likely been losing money by operating its outdated Spruce 1 and Spruce coal-burning units at the Calaveras power plant over the past several years and would likely continue to do so into the future. Synapse's report came out as CPS Energy continues to evaluate whether to pour another \$150+ million for pollution controls into one of its coal units, even as it continues to reduce power generation from its coal fleet. The [report](#)'s findings show that CPS Energy should immediately begin planning for a future for the San Antonio region without coal generation.

"Our analysis found that CPS Energy has lost more than one hundred million dollars over the past two years by operating its older Spruce coal-burning units. As the price of cleaner energy like renewables continues to drop, CPS Energy could lose \$100 million more in the next few years if it continues current operations" said **Avi Allison, Synapse Energy Economics Expert and Report Author, Synapse Energy & Economics**. "A major investment by CPS Energy to continue burning coal at Spruce 1 and 2 is unwise financially and will chip away at CPS Energy's already unlikely profits."

San Antonio is one of the fastest growing cities in the nation and has some of America's dirtiest air. According to the American Lung Association 2017 State of the Air [report](#), San Antonio's Ozone received an F for its uncommonly high levels of ground-level ozone (smog) pollution caused by coal, cars, additional fossil fuels and heavy industry like cement kilns contribute to the dirty air. CPS Energy's answer to addressing its contribution to smog pollution may be to install expensive pollution controls at its coal plant, likely extending the life of the coal plant.

"It's clear that San Antonio's residents are exposed to an unhealthy amount of smog pollution. Rather than putting money into pollution controls that would extend the life of its coal plant, CPS Energy must take steps to permanently reduce all the pollution from one of the biggest sources impacting our region," said **Terry Burns, MD, Chair of the Alamo Group of the Sierra Club**. "CPS Energy has been a renewable energy leader in this community and across the country for years, but it has more work to do. As an industry leader, it is imperative that CPS take the next steps towards a coal-free San Antonio and put together a plan to phase out this dirty, expensive power generation."

Principal Findings From Synapse Report:

- Both Spruce coal-burning units have lost money relative to the market over the past five years. From 2012 to 2016, Synapse estimates that Spruce 1 cost \$8 million more than market-based energy and Spruce 2 cost \$36 million more than other sources of energy available.
- Both Spruce units have become increasingly uneconomic over the past two years. Each Spruce coal unit lost more than \$20 million in both 2015 and 2016, for a total of more than \$135 million in plant-wide losses in two years.
- Both Spruce units are likely to continue to lose money relative to the market for at least the next three years. From 2017 to 2019, Spruce 1 will lose more than \$50 million, and Spruce 2 will likely lose more than \$60 million—together more than \$110 million—relative to market-based alternatives.

Investing in Spruce 1 would likely ensure many more years of all kinds of other coal related-pollution including carbon pollution, which is the primary driver behind climate change. In July, CPS Energy and the City of San Antonio committed to supporting the Paris Climate Agreement, which will require significant reductions in carbon pollution from across the economy. CPS Energy has access to cost-effective clean energy replacement options like solar and wind.

“Unless CPS Energy puts a plan in place to phase out all of its coal-burning units and replace with clean energy, CPS Energy effectively disregards their commitments to support the Paris Climate Agreement. Additionally by signaling continued reliance on dirty fossil fuels like coal, the San Antonio region risks losing out on the public health and economic benefits of a clean energy economy” said **Chrissy Mann, senior campaign representative with the Sierra Club’s Beyond Coal campaign.** “We look forward to a community-wide planning process led by CPS Energy to ensure that a plan to phase out coal and replace with clean energy happens in an equitable way.”

**BACKGROUND:** The Sierra Club retained Synapse Energy & Economics to conduct a review of the economics of CPS Energy’s Spruce units and to evaluate whether it is prudent to initiate substantial new capital investments in these units, and whether it is prudent to continue to operate the units in any event. In conducting this analysis, Synapse used publicly available data to evaluate the Spruce units as merchant-equivalent generation, testing whether the units earn enough energy market revenues to offset fuel, operation and maintenance (O&M), and ongoing capital costs. In addition, Synapse used a custom-built, cash-flow model to evaluate the likely economic performance of the Spruce units relative to the market.

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