



GENERATING CLEAN ENERGY FOR TEXAS' FUTURE



The U.S. relies on low-cost energy.

From its inception, our country has enjoyed superior military, economic, and political clout because of the strength of our economy. That strength depends largely on the flow of low-cost energy that runs our manufacturing facilities. The prevalence of low-cost electricity across the nation is the foundation of our strength.

Texas needs low-cost electricity.

We live in one of the fastest growing states in the country. 1,500 people per day relocate to Texas. That's over half-a-million people each year. While this growth propels our economy, it creates a challenge for our infrastructure. How will our already stretched power-generation facilities keep up with the growing demand for electricity?

According to a 2009 report from ERCOT, demand for energy in Texas is continuing to grow. Yet, without new sources, the reserve margin is forecast to decrease from 22% percent this year to 10% in 2015, compromising energy delivery during peak demand summer months when temperatures soar.

In fact, ERCOT projects that Texas may need as much as 75,000 megawatts of new generation capacity by 2026 to meet the projected economic growth.

That's where White Stallion Energy Center comes in.

White Stallion Energy Center is a 1,320 megawatt, base-load, solid-fueled electric power generating station located in Matagorda County. When construction is completed in 2015, it will produce enough energy to supply 650,000 homes.

Fueled by a blend of coal and pet coke—the lowest-cost fuel sources available—the White Stallion Energy Center will provide a much-needed lower-cost energy alternative for Texas residents and businesses. To preserve our pristine air and water, the \$2.5 billion state-of-the-art power generation facility will be constructed and equipped with the most environmentally-advanced, cleanest, commercially-proven, emission-lowering technology available.

Here's how it works.

White Stallion Energy Center's circulating fluidized bed boiler design will remove sulfur dioxide during the combustion process by adding limestone into the boiler. The low combustion design temperature prevents the formation of much of the nitrogen oxides and a Selective Non-Catalytic Reducer removes virtually all of the remainder. Mercury and particulate emissions are captured by "bag houses", which are large honeycombed filters, and by other new technology unavailable on older Texas power plants.

Going beyond TCEQ requirements, White Stallion Energy Center has added an activated carbon injection system to reduce mercury emissions to nearly zero. The net sum of this process: There will be no environmental impact that will limit the location of other industries in Matagorda County.

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WHY MATAGORDA COUNTY? WHY NOW?

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Texas relies largely on natural gas for its electricity. Because natural gas pricing fluctuates widely, Texans typically pay two to three times more for electricity than customers in states that use coal-fired electricity. In addition, because of the volatility of gas, the availability of coal-fired power is important for creating source diversity, which protects Texans from permanently increasing rates.

For example, natural gas prices changed from \$11.00 a dekatherm in 2008 to \$4.00 a dekatherm in 2009. These unpredictable fluctuations, along with the volatility of gas, contribute to our high electricity rates.

By way of comparison, residential customers in Kentucky, for example, pay six cents per kilowatt-hour for coal-fired electricity. In Bay City, rates range from eleven cents to twenty cents per kilowatt-hour—double or triple what Kentucky residents pay—largely because of the continual fluctuation in natural gas prices. Moreover, the cost of alternative sources of electric generation in Texas is reaching record highs, including experts' estimation that solar power would exceed thirty two cents per kilowatt.

White Stallion Energy Center will use coal and petroleum coke, also called pet coke. Pet coke is a by-product of the oil refining process, and is locally available. Because White Stallion Energy Center is authorized to burn 100% percent of either fuel, or a blend, it has the flexibility to choose the lowest-cost fuel at any time to help keep electricity rates low.

Locating the White Stallion Energy Center in Matagorda County also helps keep energy costs down, because of the close proximity to high voltage transmission, a constant water source and multiple transportation alternatives, all of which give White Stallion Energy Center a competitive advantage. White Stallion Energy

Center will also save money by purchasing coal from the Illinois Basin, which is 400 miles closer than the Powder River Basin in Wyoming, where other coal-fired generators in Texas obtain their coal. White Stallion Energy Center's location near two railways and a federally-authorized navigation channel also contributes to lowering the cost of electricity by providing competing alternatives for transporting coal from Illinois, and pet coke from Texas refineries. To streamline deliveries to the plant and minimize impact to the area, fuel will be delivered on average by one train every other day and two barges per day. Limestone will be delivered every third day.





There are other advantages to using this fuel source.

Illinois Basin coal is a much higher quality coal than Wyoming's Powder River Basin coal. Illinois Basin coal's heating value is 12,000 BTUs per pound of coal. Powder River Basin coal is 8,300 BTUs per pound of coal.

Why is this important?

When fuel has a higher heating value, BTU per pound, and has less moisture content, it burns easier and more efficiently. Powder River Basin coal is one-third water, which means that it does not burn as efficiently, and is one-third more expensive to ship per usable pound of fuel.

It's true that Illinois Basin coal has higher sulfur content than Powder River Basin coal. To counteract that issue, White Stallion Energy Center will use a circulating fluidized bed with dry scrubbers to remove more than 99% percent of the sulfur. The advantage of using this technology is that White Stallion Energy Center can use less expensive, higher-sulfur coal, clean it up, and pass the savings onto its customers.

White Stallion Energy Center will help keep our electric bills from

skyrocketing and will contribute much needed electric-generating capacity to support Texas' growing economy.

But even with all the advantages a new power generation facility offers, White Stallion Energy Center understands that it is only valuable if it is also safe and environmentally friendly. The power plant is designed and will operate with these concerns in mind.

"... every measure has been taken to safeguard the environment."

The White Stallion Energy Center will be built on property one mile south of the Port of Bay City, between FM 2668 and the Lower Colorado River.

The TCEQ has awarded the White Stallion Energy Center a draft air permit. In reviewing White Stallion Energy Center's air permit application, the TCEQ Executive Director's

favorable comments included this statement:

"...based on potential concentrations reviewed by the Executive Director's staff, it is not expected that existing health conditions will worsen, or that there will be adverse health effects in the general public, sensitive subgroups, or animal life as result of exposure to the expected levels of emissions including organic compounds from this site."

*Executive Director's Response to Comments
White Stallion Energy Center LLC,
Permit Nos. 86088, HAP28, PAL26 and PSD-
TX1160*

White Stallion Energy Center emissions will fall below mandatory national and state air quality levels and far below other coal plants in Texas because of its technology.

To illustrate how White Stallion Energy Center is different, traditional pulverized coal plants had to put emission control technology on the back end of the boiler to scrub out harmful emissions. The White Stallion Energy Center process actually removes a lot of the emissions during the boiler process as well as with an additional scrubber on the back end for a final cleansing.



WATER USE

“... White Stallion Energy Center will not impact groundwater.”

Water usage and conservation is of a particular concern to residents of Matagorda County and the surrounding area. White Stallion Energy Center has listened to the concerns of the local residents and has worked with the design engineers on ways to improve water use.

White Stallion Energy Center is taking every measure to conserve the water it draws from the Lower Colorado River and keep it clean. For example, cooling water will be recycled seven times and cleansed before it returns to local surface waters or the Colorado River. Most power plants use a once-through system which uses much more water because it is not recycled.

Eighty percent of the water White Stallion Energy Center uses will be released as steam—as pure as the steam that comes out of a teapot—and naturally recaptured in the environment. The remaining discharge water will be cleansed to TCEQ requirements before returning to the Colorado River at the average rate of five-million gallons a day.

What's more, White Stallion Energy Center has made provisions to place liners between the natural land and stored materials, including fuel, limestone, and ash. These liners will consist of at least three feet of clay and/or a synthetic fabric liner and will prevent any impacts to the ground water. Runoff from these materials will be collected

and treated appropriately.

White Stallion Energy Center has also addressed the problem of river flooding—even in the event of high-volumes of backwater that could be produced by a 250 year flood of the Colorado River. A levee will be constructed around the fuel and material storage piles to prevent a flood from touching them. And, in the event of a 250 year rain at the site, storm water from this area will be collected, contained and treated before it is released to maintain the water quality of the Colorado River.

White Stallion Energy Center is particularly sensitive to agricultural requirements and is working with rice farmers who depend on water from the Lower Colorado River to grow their crops. To ensure there will be enough water for everyone, even in times of drought, White Stallion Energy Center is building an \$8 million closed pipe from LCRA's Bay City Pumping Station on Route 35 to the White Stallion Energy Center. This will reduce the facility's operational water requirement by one-third, from 36,000 acre-feet per year to 25,000 acre-feet per year. In addition, an on site reservoir will hold up to a five day supply of water. White Stallion Energy Center is also considering ways to expand reservoir capacity.

Finally, the White Stallion Energy Center's impact to the on site wetlands will be less than one-half percent.



“... White Stallion Energy Center will also stimulate Matagorda County’s economy by employing 1,500 workers...”

In addition to being a new source of low-cost electricity for Texas, White Stallion Energy Center is good for Matagorda County, creating jobs, boosting the tax base and generating more spending for local goods and services.

The White Stallion Energy Center investment base project will exceed \$2.5 billion dollars.

It will contribute an estimated \$20 million in annual taxes to the area, with approximately \$12 million in taxes filtering to the Bay City Independent School District, \$2.5 million going to the Matagorda County government, and \$1.5 million for the Matagorda County Hospital District each year.

White Stallion Energy Center will also stimulate Matagorda County’s economy by employing 1,500 workers during its four- to five-year construction phase. When completed, it will provide permanent employment for approximately 200 people, with an average annual salary of \$70,000.

To stimulate employment opportunities for area residents, White Stallion Energy Center is partnering with local high schools, community colleges and the Mid-Coast Industry-Education Alliance to educate and train a local workforce for construction jobs and permanent operations positions in professional and leadership roles.

So, who is White Stallion Energy Center?

The White Stallion Energy Center is being developed by a 52 member team of power generation experts with decades of experience.

The **White Stallion Energy Center** development team has developed over 7,000 megawatts of power generation in the last 20 years and has extensive experience in all aspects of developing clean electric generation projects.

RPS Engineers has over 30 years experience in environmental permitting with industrial facilities including power plants.

Vinson & Elkins is a top environmental and regulatory law firm, who is guiding us through the permitting process.

And **Stanley Consultants**, who designed and constructed the last two CFB power projects in operation, is responsible for overseeing the design of the facility and emission controls.

Together, this team of exceptional individuals will build what is sure to become a model for low-cost, clean solid-fuel power generation in Texas and beyond.

In conclusion, White Stallion Energy Center will help drive Texas electricity costs down and provide a much needed power source for the future, while protecting the sensitive Texas environment and conserving water resources. It will fuel Matagorda’s economy with new jobs and increased local spending and contribute \$20 million a year to the Bay City and the county’s tax base benefiting education, health care and infrastructure. White Stallion Energy Center is good for Matagorda County and Texas.