



ARKANSAS RIVER POWER AUTHORITY | eNews | May 13, 2015

ARPA Board Signs Sales Agency Agreement for the Lamar Repowering Project

The Arkansas River Power Authority (ARPA) has entered into an agreement with International Process Plants (IPP) to assist with the marketing and sale of the Lamar Repowering Project power plant. IPP is a global asset recovery firm based in Princeton, New Jersey with offices and infrastructure in seventeen different countries.

The contract with IPP follows an extended study by ARPA concerning the most economic options for the Lamar Repowering Project facilities, which have not operated since November 2011 due to problems meeting emissions requirements. In September 2014, the ARPA Board adopted a resolution concluding that it would be economically beneficial to decommission or dispose of the Lamar Repowering Project assets. Subsequently, ARPA hired HDR Engineering to conduct a search for companies that have the ability to sell the plant. HDR's work included research into different options of selling the plant assets and included an evaluation of prospective asset recovery companies and equipment brokers.

IPP will attempt to sell the plant as a unit, including the boiler, 18 mega-watt turbine, and the associated coal handling and ancillary systems. The ARPA Board believes selling the plant as a complete unit represents the most value that can be recouped from the failed plant.

The plant has been maintained off-line since late 2011 when testing revealed that boiler modifications engineered by Babcock & Wilcox (B&W) were not successful and the plant was not able to achieve compliance. Currently ARPA is spending approximately \$120,000 each month to keep the plant in "cold standby." Studies performed by third-party consultants have projected that ARPA's electric rates would be approximately 9% higher if the plant is maintained in cold standby as opposed to decommissioning or disposing of the plant.

In February 2014, ARPA brought suit against B&W because the boiler has not been able to comply with its air emissions guarantees. That action remains pending in the U.S. District Court.

ARPA's electric base rate to its members has not increased since 2011 and the sale of the plant will allow ARPA the opportunity to continue to provide stable electric rates. Reducing costs at the Lamar Repowering Project is also a critical factor in that effort.

ARPA provides wholesale electricity to its member communities of Holly, La Junta, Lamar, Las Animas, Springfield and Trinidad. ARPA owns the Lamar Repowering Project and contracts with Lamar Utilities Board/Lamar Light and Power to operate the plant.

ARPA | eNews is an electronic newsletter designed to keep member communities and the public up to date on developments associated with the Arkansas River Power Authority. Please forward it to anyone you think would be interested. Contact Arvenia Morris at amorris@arpapower.org to subscribe or unsubscribe.

© 2015 ARPA Reprints with attribution to ARPA permissible



For more information, please contact us:
Arkansas River Power Authority
P.O. Box 70
Lamar, CO 81052
Phone: (719) 336-3496
Fax: (719) 336-5966
Email: arpa@arpapower.org