



Fact Sheet

Coal-Fired Generation - Summer 2010

TVA is idling nine of its older coal-fired units (1,000 megawatts) during the next five years as we transition to cleaner, lower carbon power for the future. We are sharing this information with employees at these plants and with the communities we serve. As we continue to evaluate options for the future, we will share additional information as soon as decisions are made.

Background

TVA has a strong commitment to improving air quality and has spent more than \$5.3 billion to reduce air emissions. (Last year, sulfur dioxide and nitrogen oxide emissions for the TVA coal fleet were about 90 percent lower than during their peak years.)

Key points

- TVA's mission is not changing, but the times are. To ensure continued success in serving the people and meeting our customers' needs, TVA must advance its vision for a cleaner energy supply.
- TVA will help lead the nation toward a cleaner energy future by relying more on nuclear power, relying less on coal and increasing the amount of energy efficiency.
- In addition to our vision for a cleaner energy supply, three realities are now causing us to carefully evaluate the future of many of our older coal units.
 - First, our fossil fleet is aging; the oldest units are approaching 60, and many of them will require extensive maintenance to achieve the level of reliable performance that we will need from them. The cost to bring them into full compliance with all of the regulations that we expect in the future would be an additional \$4 billion.
 - Secondly, regulations on air quality are becoming increasingly stringent. We expect new regulations to be enforced within the next four to five years. Construction lead times for major emission control equipment and alternative generation sources are up to 60 months, so TVA must begin making these decisions now. We must carefully consider where it makes the most sense to invest in expensive scrubbers and other emission controls.
 - Finally, over the next couple of years, we will have new, cleaner generating capacity coming on line. Watts Bar Unit 2 and the combined cycle plant at John Sevier will aid us in realizing a cleaner generation mix.

Other information

- The TVA coal-fired fleet consists of about 15,000 megawatts of generation. The coal-fired units are being evaluated on the basis of original designs, economics and efficiency, overall performance, cost to operate, and the cost to bring them into compliance with anticipated environmental regulations.



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- Of the approximate 15,000 megawatts of generation, about 8,000 megawatts have advanced environmental controls and will remain part of TVA's long-term generating capacity. Another 6,000 megawatts of coal-fired generation would require scrubbers or other advanced environmental controls in the future. Those units are currently being evaluated so that TVA can determine whether to idle them, install controls or replace them with alternative generation.
- The remaining 1,000 megawatts of coal-fired generation will be idled within the next four to five years. The affected units are Shawnee Unit 10, six units at Widows Creek and two units at John Sevier.
- Two units at Widows Creek will be idled in fiscal year 2011, and four additional units will be idled within the next four to five years. Shawnee Unit 10 also will be idled in 2011 but will be evaluated for possible conversion to biomass.
- No employee layoffs are associated with the idling of these units in 2011.
- Two units at John Sevier will be idled within the next four to five years, and we will do everything possible to keep from having layoffs there, too.
- No decisions have been made for the other units that lack advanced environmental controls. Those decisions will be made as TVA evaluates all of the data available.