

Remember that DOE canceled the demonstration project for carbon sequestration in Mattoon, Illinois because of cost over-runs. It turns out that they screwed up the numbers, according to GAO. Now that DOE has a Nobel prize winner at the helm, maybe its math skills will improve. According to Greenwire:

A \$500 million math error led the Bush administration to cancel plans for FutureGen, a clean coal and carbon capture and sequestration project, the Government Accountability Office said today.

The Energy Department announced early last year that it was pulling out of the original Mattoon, Ill., project because the program’s costs were going to double to \$1.8 billion and could easily go higher.

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But GAO said the Energy Department failed to incorporate inflation when it compared the original 2004 price for the project, \$950 million, to the final \$1.8 billion lifecycle estimate made by the industry alliance. The \$1.8 billion estimate would have been \$1.3 billion in 2005 dollars, a 39 percent increase, similar to cost increases at other projects of similar magnitude, according to GAO. . . .

GAO also noted that site-specific costs were never calculated. The Energy Information Administration and other economic forecasting organizations find that cost escalations for building power plants, in general, do not typically continue in the long run.

“DOE did not base its decision to restructure FutureGen on a comprehensive analysis of factors, such as the associated costs, benefits, and risks,” the report says. “DOE has no assurance that the restructured FutureGen is the best option to advanced CCS.”

For those who are tempted to see illicit motives operating here, please remember the wise saying: “Never assume conspiracy when stupidity is an available explanation.”