



Kenai Blue Sky Coal Power

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KENAI FERTILIZER PLANT — Site of the now-closed Agrium plant near Nikiski — Get Photo (/photos/kenai-fertilizer-plant/)

The Kenai Blue Sky Coal Plant was a proposed (<http://www.petroleumnews.com/pntruncate/455052233.shtml>) \$1.5-2 billion integrated gasification combined-cycle (IGCC) (<http://www.agrium.com/>) plant proposed by Agrium Inc. (<http://www.agrium.com/>) to be located near their Kenai fertilizer plant in Cook Inlet, AK. The plant was to provide both power and feedstock to the fertilizer plant. CO₂ emissions from

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the plant might have been used to enhance oil and gas recovery at nearby wells. The coal was assumed to initially be provided by [Usibelli Coal Mine Inc. \(UsibelliCoalMine.html\)](#), but to later come from the eventual development of the [Chuitna Strip Mine \(ChuitnaCoalMine.html\)](#) which would be located on the other side of Cook Inlet from the Kenai facility. However, in March of 2008 estimated costs of the Kenai Blue Sky project exceeded \$2 billion and the project was cancelled. Agrium Inc. cited a combination of high construction costs and the difficulty of finding investors as their reason for the decision. Without this new energy and feedstock source, and with [declining natural gas supply in Cook Inlet \(/Issues/AlaskaOilandGas/Natural-Gas-Cook-Inlet.html\)](#), the Kenai fertilizer plant [has also been closed \(http://www.marketwatch.com/story/agrium-to-close-nitrogen-fertilizer-plant-in-alaska\)](#). *[CO₂]: carbon dioxide