

## Renewable Energy

# Cheap gas has hurt coal and nuclear plants, says US grid study

Report rejects Obama 'war on coal' allegations and avoids radical options for electricity markets intervention



New York's East River Generating Station uses oil and natural gas to produce electricity © EPA

4 HOURS AGO by: Ed Crooks in New York

Competition from cheap natural gas has been the principal reason why [coal-fired](#) and nuclear power plants have been [shutting down](#) in the US in recent years, a study by the Department of Energy has concluded, rejecting the allegation from Republicans that a “war on coal” by the Obama administration has been principally to blame.

A report from the energy department’s staff on electricity markets and reliability, published on Wednesday evening, found that the rise of gas for power generation had held down wholesale electricity prices in the US, helping consumers but hurting other types of generation.

Over 2012-16, about 42,700 megawatts of coal-fired generation capacity have shut down in the US, approximately 14 per cent of the total amount, as plants have found it difficult to compete against gas and renewables.

Those losses, which have been offset by 55,700 megawatts of new solar and wind power capacity and 40,000 megawatts of gas-fired generation, have raised concerns that US power supplies could be less reliable and less resilient to shocks.

When the study was commissioned in April by Rick Perry, the energy secretary, environmental campaigners [suggested](#) it was likely to come out with recommendations for subsidising coal as a baseload electricity source that could be relied on around the clock.

Renewable energy industries [raised concerns](#) that the study might not be conducted in an “open and transparent manner”.

However, the report’s policy recommendations avoid radical options for intervening in US electricity markets.

Donald Furman of Fix The Grid, a coalition of environmental groups and renewable energy companies, said the administration appeared to have failed to find the arguments it wanted from the energy department’s staff.

“My impression is they ran into the facts, because the facts weren’t with them,” he said.

The study’s eight recommendations include working with state regulators and grid operators to improve pricing so companies face the right incentives, and supporting workforce development in the electricity industry.

It also calls for the government and business to promote research and development of technologies to make power supplies more reliable.

Both opponents and supporters of the arguments for supporting [coal power](#) ended up being able to take something from the study.

The American Wind Energy Association said it made “a number of valuable policy recommendations” in the study, and highlighted the calls to “value essential reliability services”, to minimise regulatory barriers, and to accelerate investment in infrastructure.

However, the study also recommends “further study and reform” to address the potential impact of coal and nuclear plant closures on grid reliability in the future.

Paul Bailey, president of the American Coalition for Clean Coal Electricity, commended the energy department for conducting the study, and said he looked forward to working with policymakers “to value the important attributes of the coal fleet”.

Amory Lovins of Rocky Mountain Institute, an environmental group, suggested the study did nothing to overturn the weight of previous research suggesting that renewable energy could continue to grow in the US without threatening grid reliability.

“A mountain laboured and brought forth a mouse,” he said. “This is an anodyne report that in no way suggests the federal government will be able to stop the energy industry changing.”

