Committee on Gas

NARUC Summer Policy Summit

Committee on Gas and Subcmmittee on Clean Coal & Carbon Management

Challenges and Opportunities Facing Natural Gas and Coal Generators

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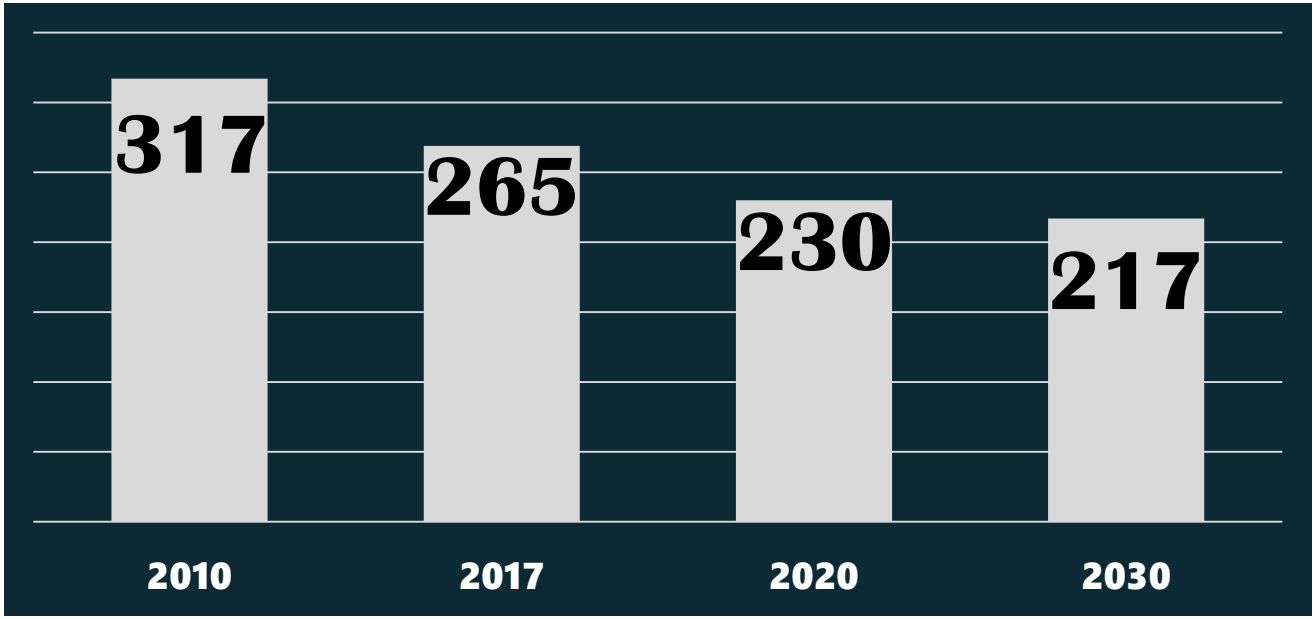
Challenges and Opportunities Facing Natural Gas and Coal Generators

National Association of Regulatory Utility Commissioners

Michelle Bloodworth
American Coalition for Clean Coal Electricity

July 18, 2017

Two-Thirds of the Coal Fleet is Projected to Remain in 2030(GW)



Source: EIA, Electric Power Annual, 2016; Electric Power Monthly, June 2017; Annual Energy Outlook 2017. Capacity in 2020 and 2030 represents EIA's reference case without the Clean Power Plan.

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Why the U.S. Needs a Coal Fleet

- Important source of baseload (24/7) electricity
- Supports grid reliability and resilience (on-site fuel)
- Contributes to fuel diversity
- Helps maintain affordable electricity prices
- Serves as hedge against unforeseen events

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Public Opinion — April and June Surveys

- The majority of people are focused on electricity price (first) and reliability (second).
- The country prefers a balanced mix of energy sources which includes coal.
- The majority of voters support the continued generation of electricity from coal.
- A large majority of Americans agree that coal is a necessary part of the fuel mix.

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For time being, pause on coal retirements until federal policies are clarified.

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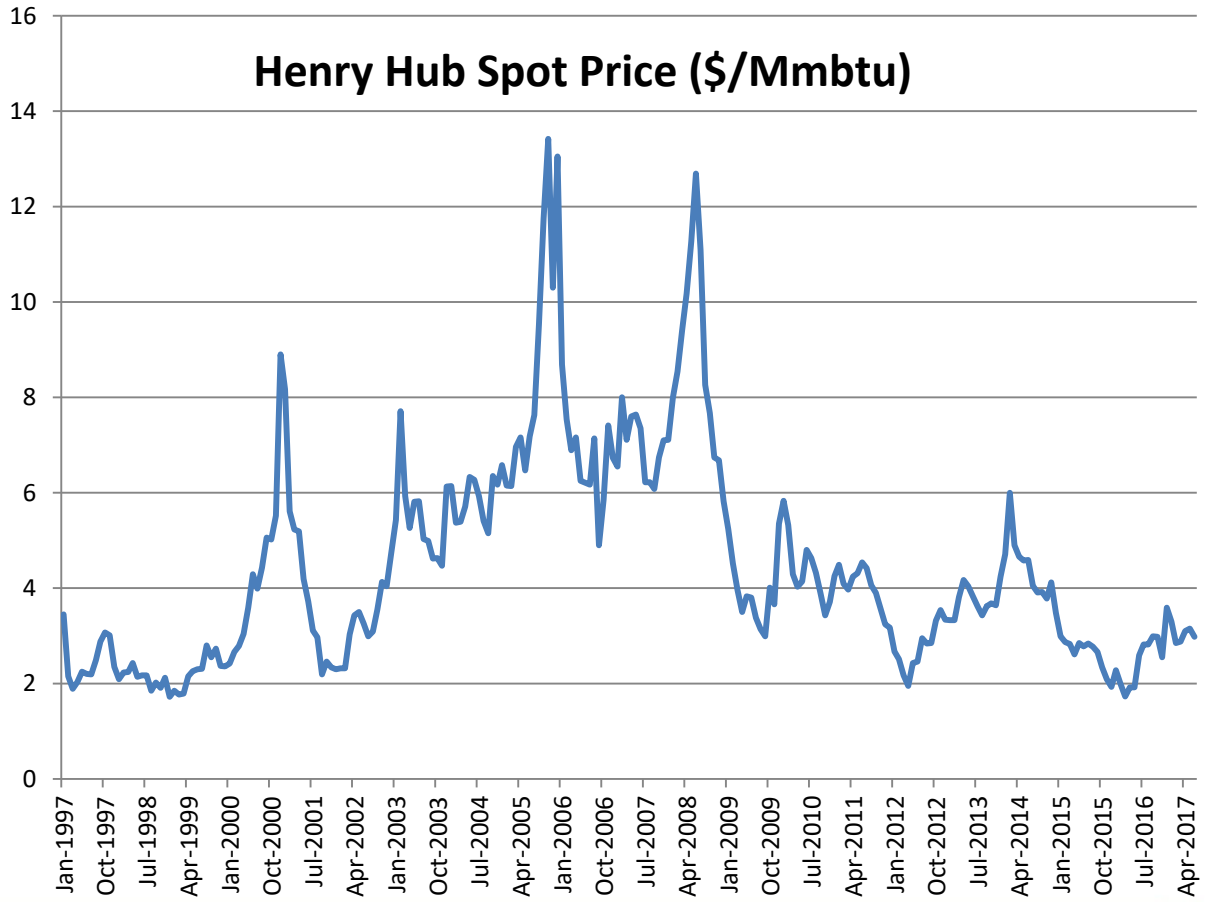
1) Inexpensive Natural Gas

Shale Gas Dominating Supply/Pricing.



Marginal Cost of Gas Production sustainable?

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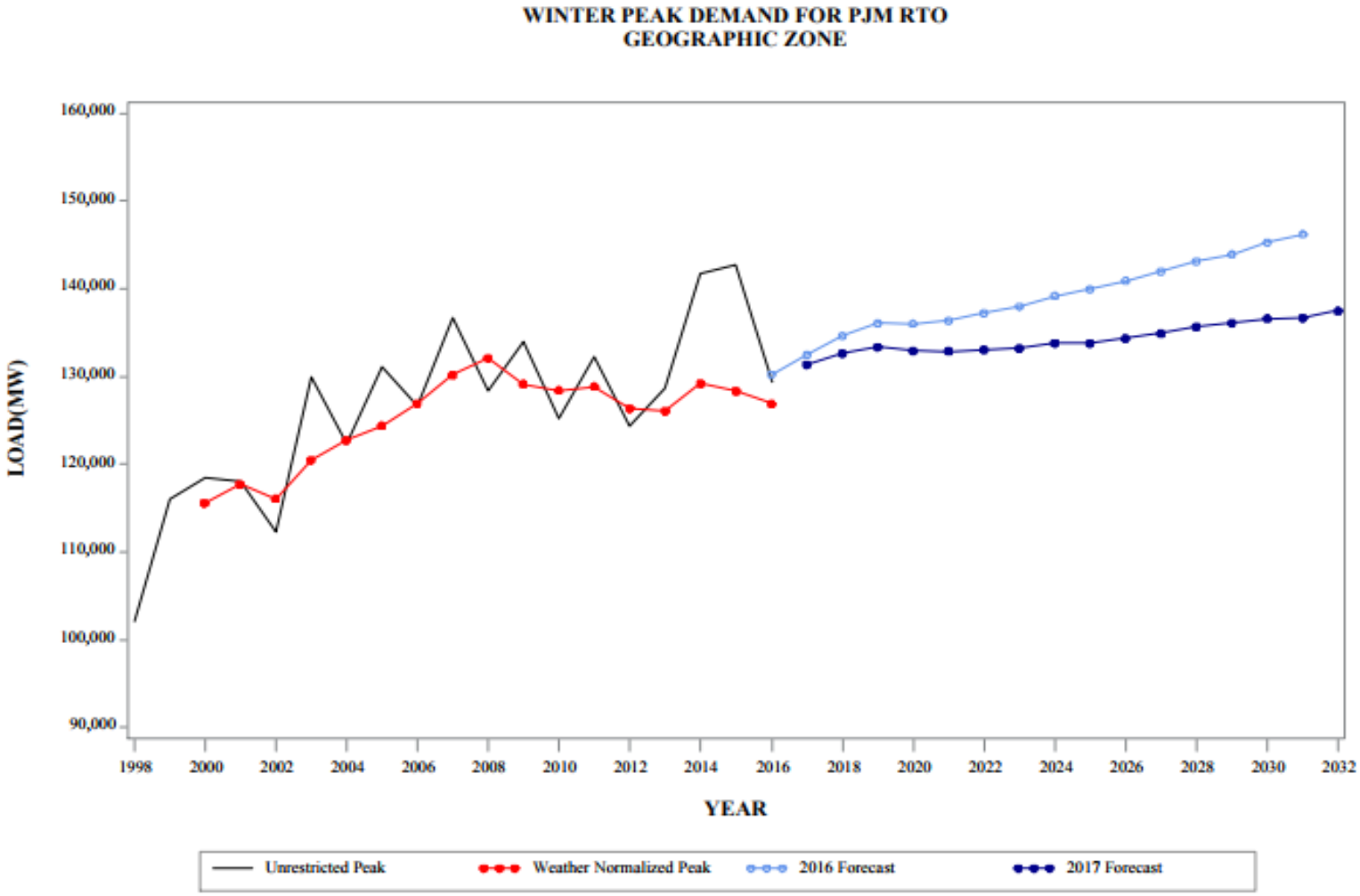
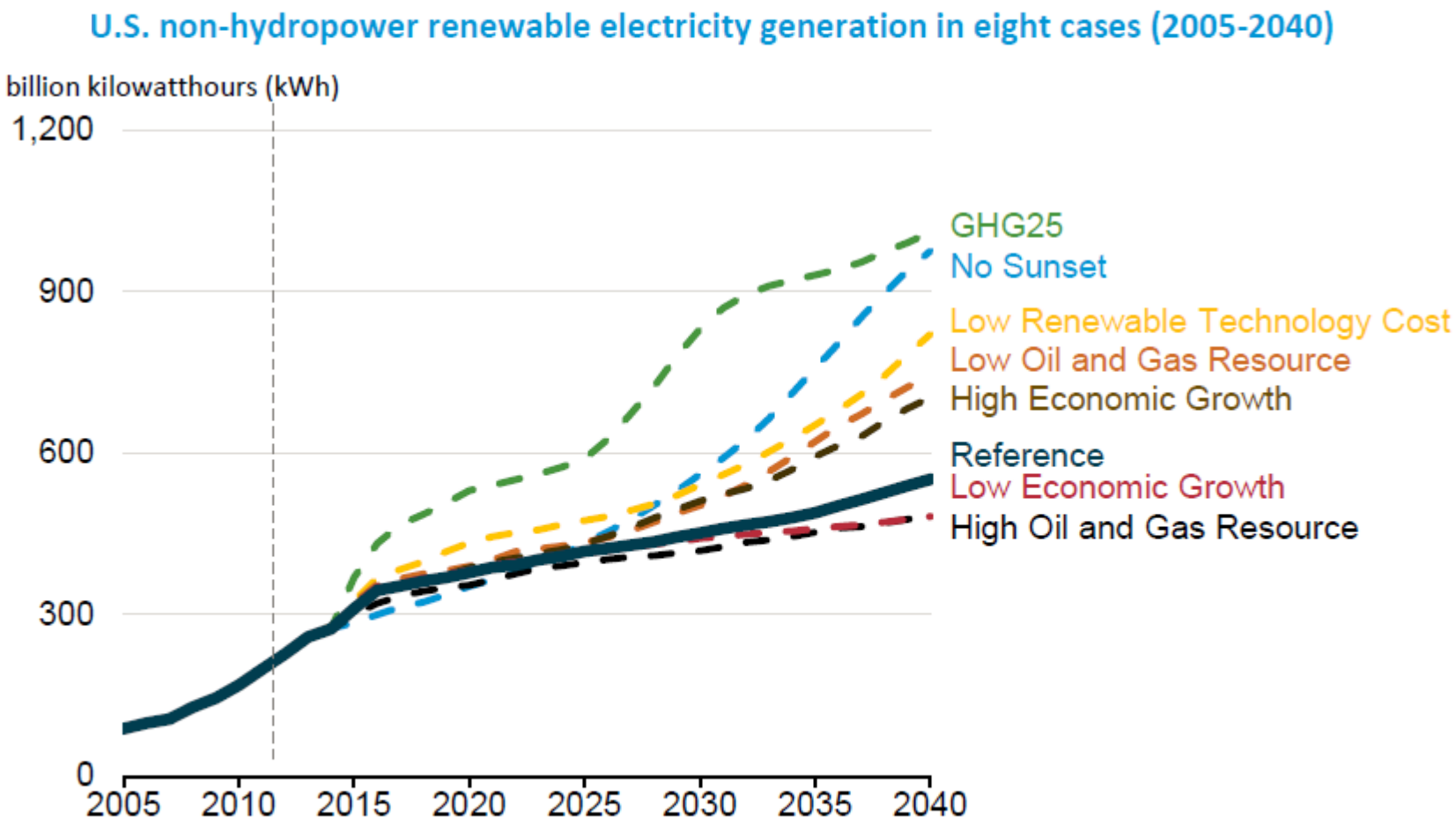
2) Low Demand/ Flat Load Growth



Higher End Use Efficiencies & Lower Commercial Industrial Demand Flatting Load Growth

3) Increasing Non-dispatchable Renewables



Source: EIA, Annual Energy Outlook 2014, EIA Conference 2014, *The Outlook for Renewable Electricity*

High growth rates for very low variable cost generation

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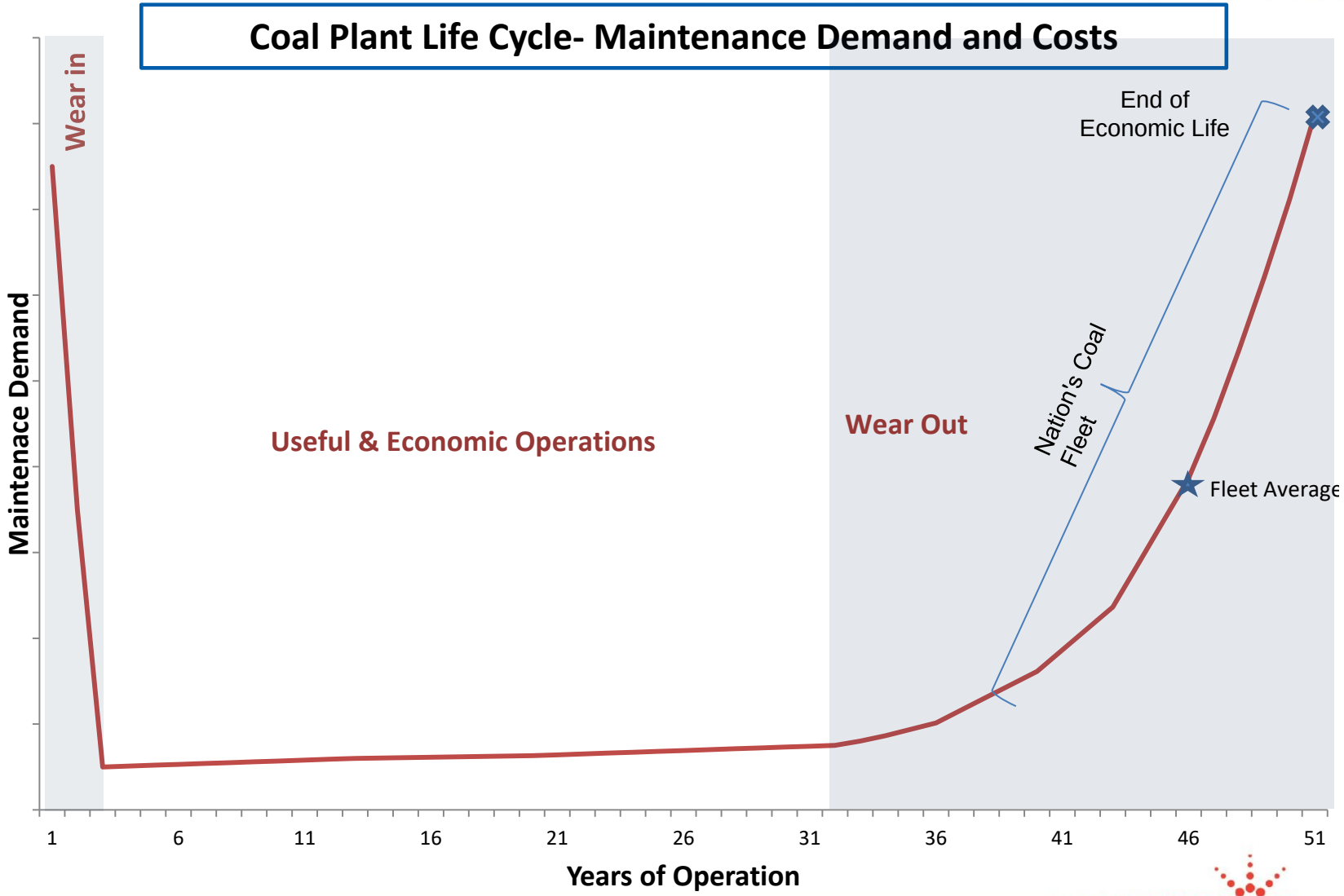
4) Age of Baseload Units



Cost and reliability increase with age

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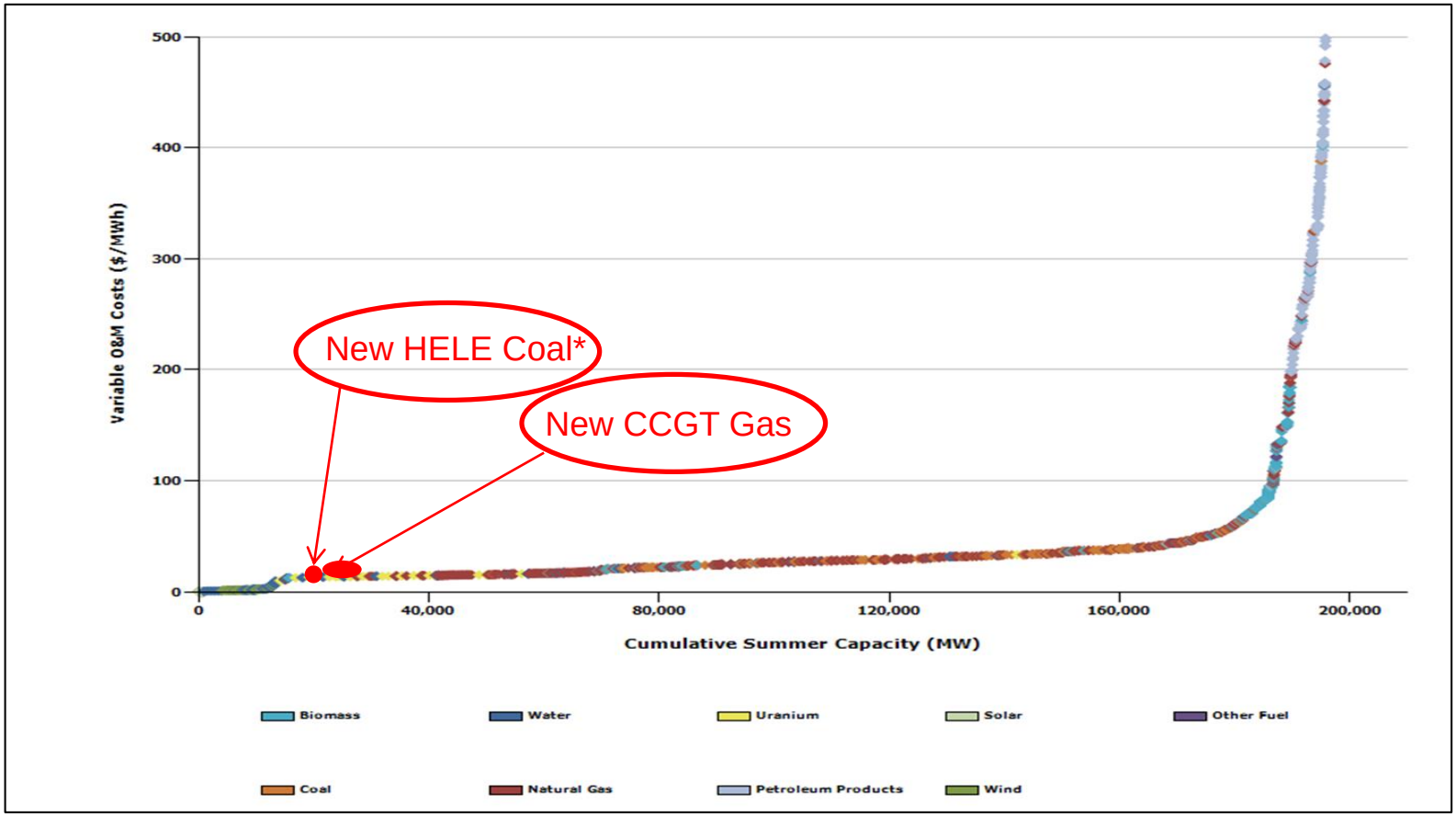
So What? - New Base Technology Load Potential

PJM Dispatch Curve (Marginal Cost of Dispatch by Unit)



Longview data based on consolidated marginal cost of production of Longview and Mepco (Utility Plant data from SNL)
Longview marginal cost close to the cost of non-dispatchable, subsidized renewables

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