



The Coal Fleet is Essential

Virginia Coal and Energy Alliance
Southern States Energy Board

Michelle Bloodworth
May 18, 2020

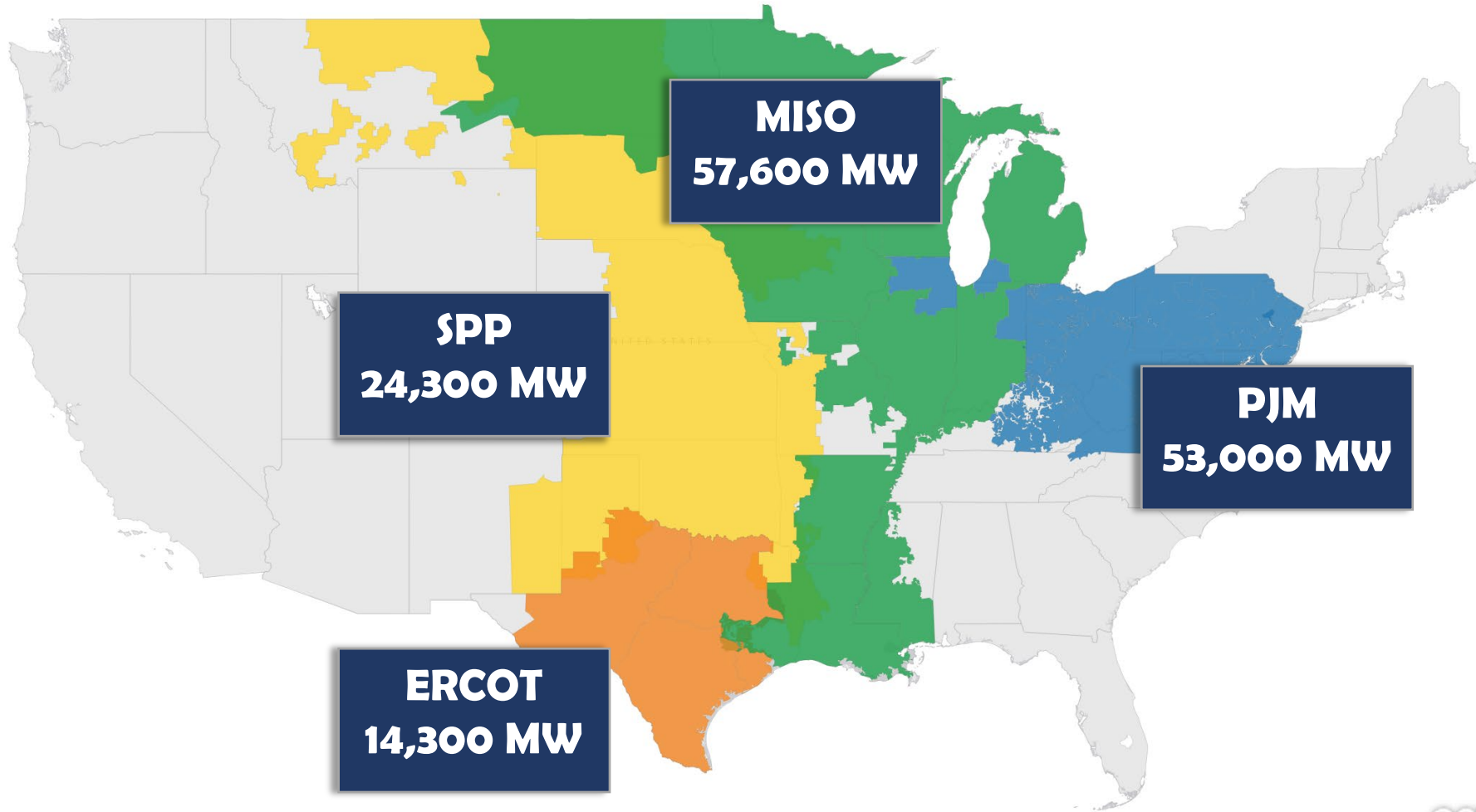
AMERICA'S POWER

ACCCE | Reliable • Secure • Resilient • Affordable

There are many reasons why it's important to have a coal fleet

- **Contributes to grid reliability**
- **Necessary for fuel diversity**
- **Supports grid resilience**
- **Provides exceptional fuel security**
- **Serves as an insurance policy**
- **Provides affordable electricity**
- **Promotes national security**

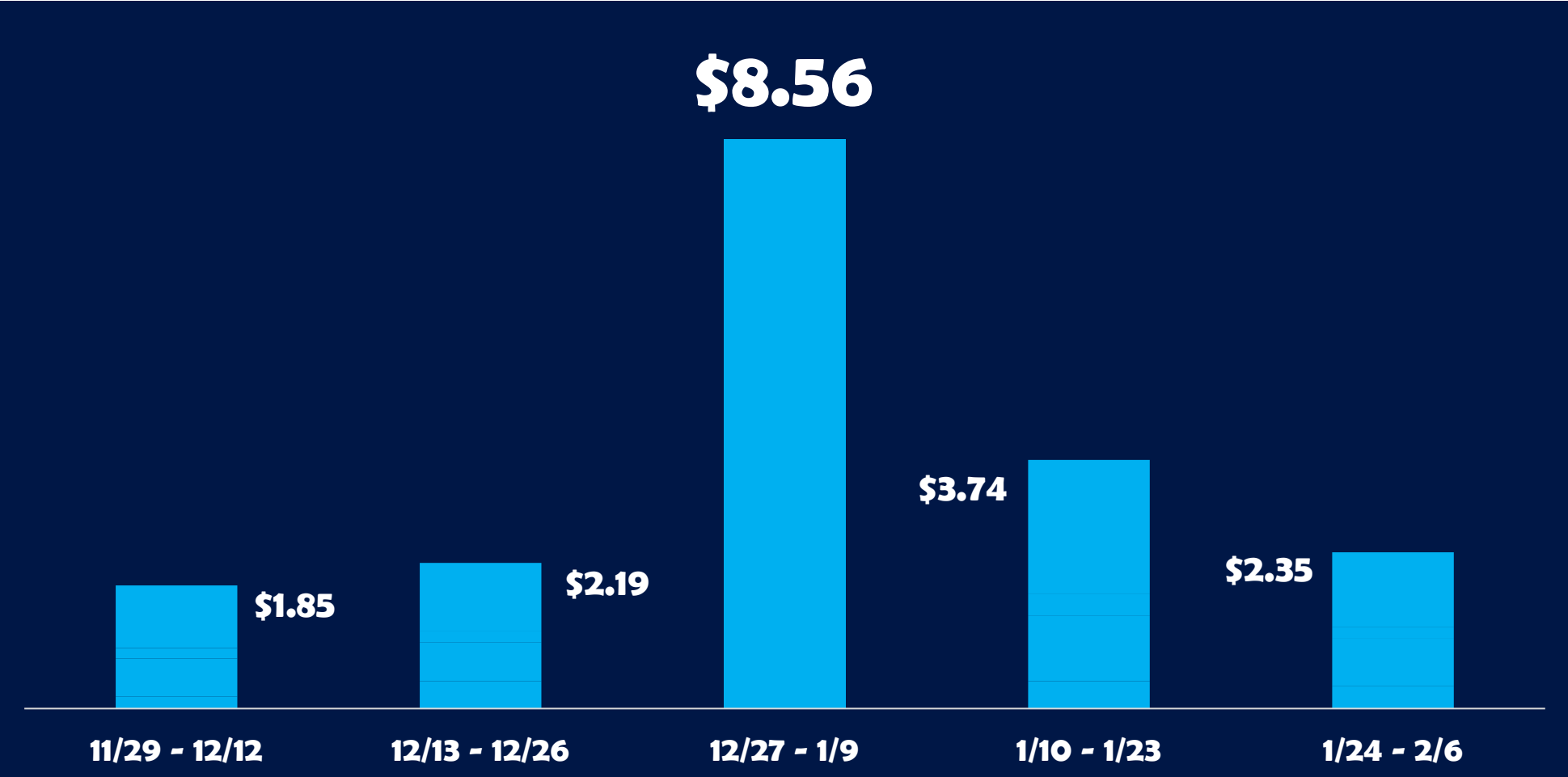
Market rules are important because four ISO/RTO regions include two-thirds of the nation's coal fleet



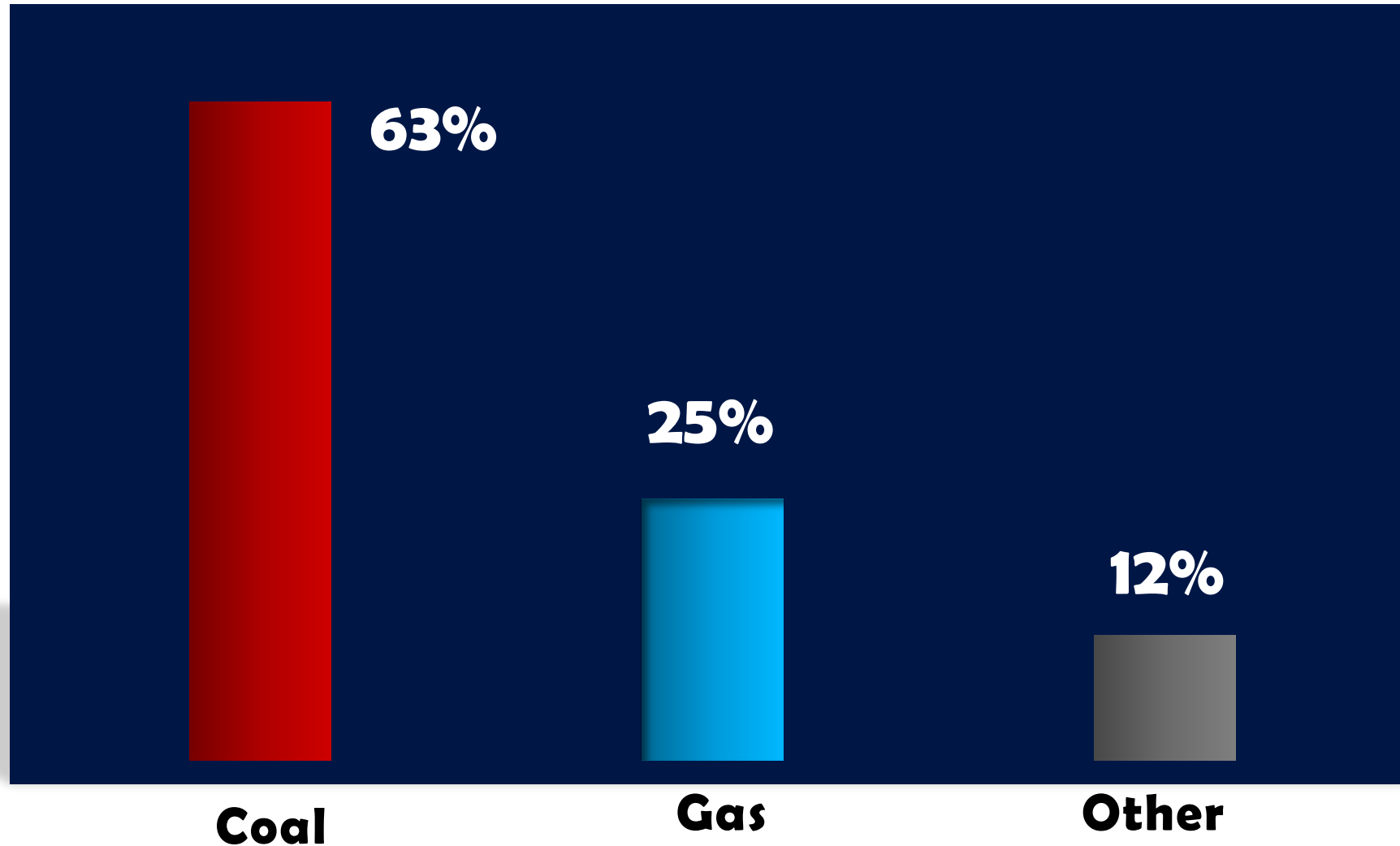
© 2020 S&P Global Market Intelligence All rights reserved. HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors



Natural gas prices tripled across four RTOs during the 2018 Bomb Cyclone



Coal showed that it was essential during the 2018 Bomb Cyclone by increasing output more than other electricity sources



COVID-19 has affected coal

BEFORE COVID-19

- **More than 40% of the U.S. coal fleet had retired or announced plans to retire**
- **Since 2010, coal-fired generation had declined by 48%, coal consumption had declined by 45%, and coal-fired generating capacity had declined from 31% to 21% of total U.S. generating capacity**
- **Studies support concerns that baseload retirements and increasing reliance on natural gas threaten grid reliability and reduce fuel diversity and fuel security**
- **FERC opened a resilience docket**
- **PJM launched a fuel security initiative**
- **NERC issued fuel security guidelines**
- **FERC directed PJM to expand MOPR**

COVID-19 (cont.)

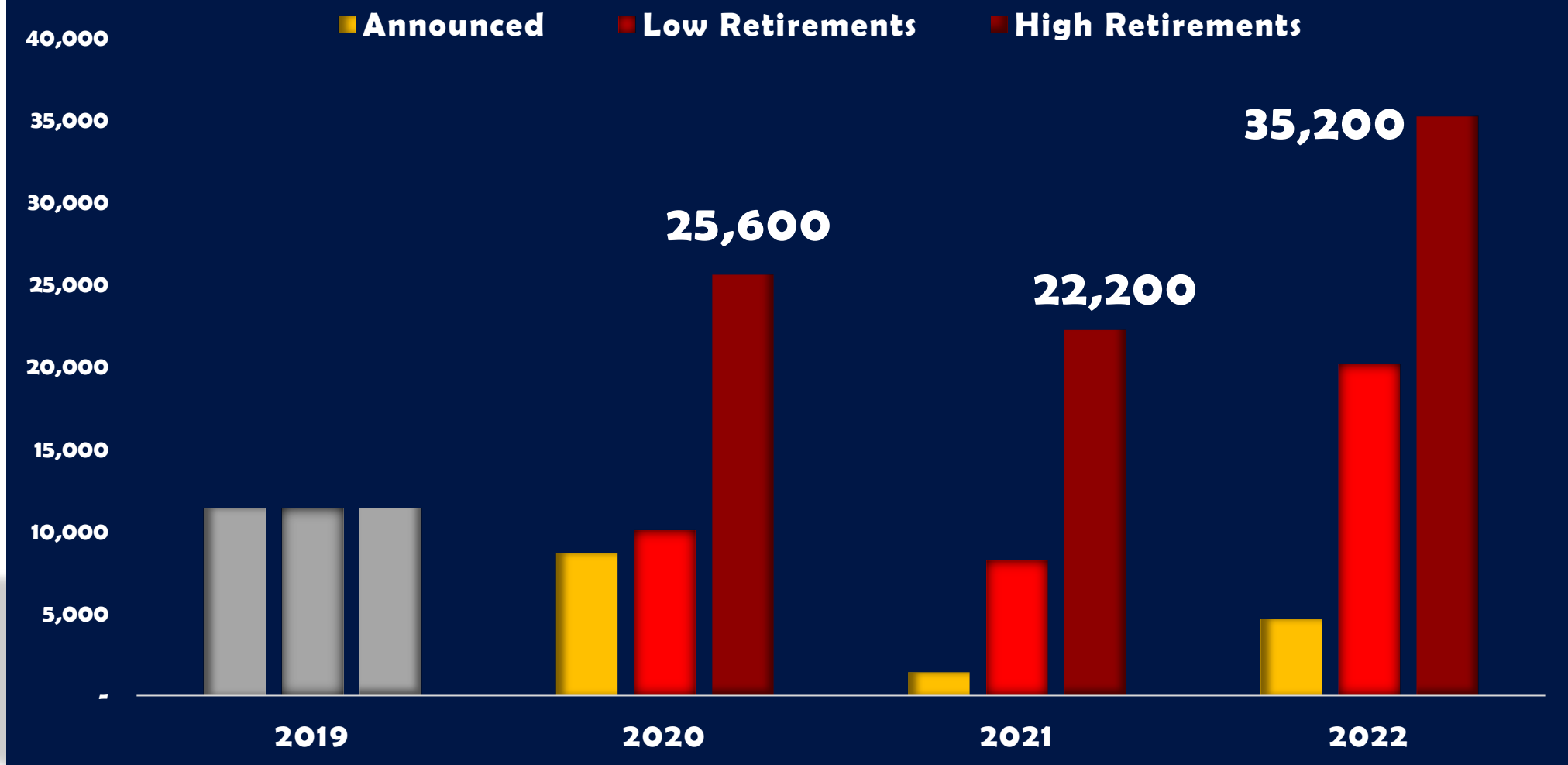
COVID (March-April for PJM, MISO and SPP combined)

- **Coal-fired generation declined by 44% relative to same 2 months in prior years**
- **Coal consumption declined by 44%**
- **Caused by lower electricity demand and very low gas prices**

POST-COVID (2020-2022)

- **Coal fleet will be needed to provide reliable electricity as U.S. economy recovers from pandemic**
- **However, coal retirements could total 38,000 MW to 83,000 MW over 3-year period unless actions are taken**

2020-2022 coal retirements could total 83,000 MW



Actions, such as those below, are needed to support the coal fleet

- **Reform EPA policies (e.g., ACE rule, NSR, CCR and ELG). Administration making good progress.**
- **Federal policy makers should take steps (such as using the Federal Power Act) to prevent further coal retirements**
- **State utility commissioners should weigh the impact of coal retirements on fuel diversity and fuel security because both are critical to grid reliability**
- **FERC should direct grid operators to value fuel security and other resilience attributes**
- **In addition to guidelines, NERC should develop a standard for fuel security**

Michelle Bloodworth

202.595.4663

mbloodworth@americaspower.org