

NEWS

PACE OF COAL RETIREMENTS INCREASES NEAR-TERM RELIABILITY RISKS

The following information was released by Americas Power:

Warnings about a pending grid reliability crisis are increasing, and fingers point to the premature retirement of dispatchable electricity resources as the primary threat. As FERC Commissioner Mark Christie commented a few days ago, the problem is not necessarily the addition of wind and solar to the grid, but rather the retirement of dispatchable resources such as coal and natural gas.[i] Christie asked rhetorically, "Are the lights going to stay on?" The answer is that no one knows for sure and that's very troubling.

Despite serious warnings extending back to at least 2019, nothing meaningful has been done yet to head off the crisis.[ii] In fact, the situation is becoming worse because not only are an alarming number of coal power plants retiring but they are retiring at a faster pace than many people realize.

America's Power tracks the status of coal plant retirements that have been announced by plant owners. These future retirements are based primarily on integrated resource plans filed with utility commissions and public statements by the owners of coal plants. At the same time, we recognize that announced retirement dates are subject to change. Nonetheless, announced coal retirements still provide an indication of the scale and possible timing of retirements and, thus, their potential impacts on grid reliability.

Typically, attention tends to be focused on retirements that will occur over a relatively long time horizon, for example, 2030 or later. Announced coal retirements, as of August, totaled 91,600 megawatts (MW) during the 8-year period 2023-2030.^[iii] However, the 4-year period 2023-2026 and 6-year period 2023-2028 merit even more attention because of the lack of time to mitigate reliability challenges such as adding dispatchable replacement capacity if these retirements happen as announced. Announced coal retirements total 44,700 MW over the next 4 years and 83,400 MW during the next 6 years.

Utilities have announced plans to convert 13,500 MW of retiring coal capacity to natural gas during 2023-2028, so the net loss of dispatchable capacity would be approximately 69,900 MW (83,400 MW minus 13,500 MW) during the next 6 years. However, reliance on natural gas carries well-known risks, such as supply interruptions and price volatility. The following table shows announced coal retirements and gas conversions for the U.S. coal fleet during the next 6 years.