U.S. regulators set expedited timeline for coal, nuclear bailout

The U.S. Federal Energy Regulatory Commission (FERC) has given an October 23 deadline for testimony under a rule intended to subsidize nuclear and coal plants, a schedule which the solar and wind industries are joined by oil, gas and other public power groups in opposing. This could be the beginning of a long fight.

OCTOBER 3, 2017  CHRISTIAN ROSELUND

MARKETS  POLICY  UNITED STATES
FERC appears to be making good on Secretary Perry’s promise to rapidly introduce subsidies for “baseload” coal and nuclear power plants, a request for which Perry and the Trump Administration have never found a rationale that holds water.

In the face of all facts to the contrary, Secretary Perry is still claiming that reliability and resiliency concerns mandate the out-of-market support of such conventional generation. And the Federal Energy Regulatory Commission (FERC) has now agreed to an expedited schedule (see the notification letter below), a development first reported by UtilityDive, with initial comments due on October 23 and a second round on November 7.

And in what may foreshadow legal fights to come, this rapid and ill-supported move managed to get the oil and gas industry signing on to a legal motion with solar, wind and renewable energy organizations. Late yesterday, eleven industry organizations representing an array of interests filed a motion with FERC protesting the order an expedited ruling to bail out failing coal and nuclear plants, noting that without an emergency, there is no legal basis for such a process.

“To demonstrate good cause, an agency must establish: the existence of an emergency; that prior notice would subvert the underlying statutory scheme, or that
Congress intended to waive notice and comment rulemaking requirements,” notes the letter. “None of these circumstances exists such that the extraordinary use of an interim final rule would be justified, and the Letter does not even attempt to suggest they do.”

The energy industries further note that both DOE and National Electric Reliability Council have both released reports “categorically concluding” that there is no reliability emergency. Instead, the energy associations called upon FERC to reject the request for an interim final rule and to follow a normal process.

**Opposed by oil, gas, solar, wind… and more**

It is not a surprise that such a motion was rejected by Trump appointees such as Neil Chatterjee, who currently serves as FERC’s interim chair. After all, the motion was filed on behalf of the American Council on Renewable Energy (ACORE), Solar Energy Industries Association (SEIA), American Wind Energy Association (AWEA) and Advanced Energy Economy (AEE) – which constitutes the usual suspects of clean energy advocacy.

However, in opposing this measure they are joined by the American Petroleum Institute, which represents the most powerful industry in the nation, as well as two natural gas trade groups, other electric industry trade groups, a municipal utilities’ association and the National Rural Electric Cooperative Association. This means that pretty much every active group in the electric power industry other than the coal and nuclear lobbies opposes the expedited rule-making.

As well they should, given that subsidies to keep aging, uncompetitive coal and nuclear power plants online will inevitably drive up market prices and distort the functions of wholesale power markets (pv magazine covered this issue in our September print edition).

However, this is unlikely to stem the resolve of the Trump Administration, which has begun with the assumption that coal and nuclear power plants must stay online and has waged an unsuccessful campaign to attempt to find evidence to back up this
assertion. This includes the DOE study on the retirement of such generation which clearly showed that this is not a threat to the reliability of the bulk power system.

And even if Trump’s FERC does issue an expedited ruling, it remains to be seen if any such bailout can survive the legal battle that will ensue when the rest of the power industry pushes back with the best energy lawyers money can buy.

To say nothing of state authorities, as the governors of California, New York, Oregon and other states are likely to staunchly reject such federal meddling into the operation of wholesale markets in their states, and one that directly contradicts their efforts to move to a cleaner power system based on renewable energy.

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Christian Roselund serves as Americas editor at pv magazine, and joined in 2014. Prior to this he covered global solar policy, markets and technology for Solar Server, and has written about renewable energy for CleanTechnica, German Energy Transition, Truthout, The Guardian (UK), and IEEE Spectrum.

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Ken Dyer

October 3, 2017 at 9:52 pm
It is not just in the USA that this is the case. One only has to look at the proposal in Australia by Adani Group to build what is nearly the world’s biggest coal mine, a project that has seen constant delays and is about to be if not already a stranded asset, according to the report by the Institute for Energy Economics and Financial Analysis titles – “Adani – Remote Prospects 2017“. The report is a litany of failure of fossil fuel, and demonstrated clearly that many Australian politicians are clearly backing the wrong horse, to the future detriment of the country. Even Adani knows this, and is now concentrating its strategic business in India, its home country and in renewable energy projects. Trump and Perry would be better advised that instead of throwing money to the fossil fuel interests, they should look after the american people by re-educating and re-training and supporting renewable energy projects. I would like to see that!

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