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Switching to gas power plants more expensive than coal, study says

Mining industry commissioned research

By Dave Taylor | Tribune-Star Aug 27, 2018



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A recent study for the mining industry found the cost of shutting down coal-fired power plants and replacing them with gas-fired plants would far exceed the cost of maintaining the coal plants.

The study by Arlington, Virginia-based Energy Ventures Analysis involved three plants located in the nation's largest wholesale electricity market. It estimated the cost of building new gas plants at \$5.7 billion and found consumers in the region would, as a result, pay \$2 billion more annually for electricity. The study estimated at about \$130 million per year the cost of keeping existing coal plants running.

The power plants studied — in Ohio, Pennsylvania and West Virginia — represent 10 percent of the total coal-fired capacity in the region, said Hal Quinn, president and chief executive officer of the National Mining Association, which commissioned the study.

Only a portion of Indiana is in the 13-county market that includes the power plants that were studied. The Wabash Valley and Duke Energy's Indiana territory are not; they are in a separate market.

"However, if a similar case study were done for that region, you would likely see similar results," Quinn said. "The extent and breadth would require further analysis."

In its report, Energy Ventures Analysis said coal plants are the primary source of resilience for the power market because of their ability to generate increased power when needed to meet demand. Natural gas plants cannot keep up with demand in extreme cold weather, the report said, because home heating demand and power demand are up at the same time.

Quinn called attention to the study in an email to the Tribune-Star in response to the newspaper's coverage of a new EPA rule proposed by the Trump Administration that is intended to help save mining jobs while still protecting the environment.

As for a widely reported EPA estimate that the agency's proposed Affordable Clean Energy Rule would result in 1,400 additional premature deaths, Quinn noted the estimate is actually a range of 470 to 1,400 deaths.

"Either way, it is all speculative," he said. "Those estimates are based upon a 25-year-old study looking at data from 1975-90."

Since 1990, Quinn said, the power sector has invested more than \$120 billion in pollution controls for power plants.

Currently, he said, 98 percent of the coal generation capacity has controls for particulate emissions, 99 percent of capacity has controls for nitrogen oxide and more than 80 percent have controls for sulfur dioxide.

"Those that don't are using other methods to reduce sulfur dioxide emissions through efficiency improvements," Quinn said. "At the same time, those improvements will also reduce the emissions profile for these plants for other emissions since they will result in more electricity generated per unit of coal used."

The Trump EPA's Affordable Clean Energy Rule would replace the Obama administration's Clean Power Plan.

The Obama plan was adopted in 2015, but the Supreme Court, in a highly unusual move, delayed implementation to allow the outcome of challenges in lower courts.

Environmental groups oppose what they view as a weakening of the Obama plan, saying the proposed Trump rule provides much less incentive for utilities to modernize their power plants.

"By drastically limiting the tools that investor-owned utilities can employ to cut emissions [based on our preliminary understanding of the plan], the cost to cut a unit of emissions may likely be higher – not lower – than the original plan," said Jesse Kharbanda, executive director of the Hoosier Environmental Council.

"In short, the Trump plan will dramatically miss the overarching goal of the original plan to significantly, though steadily, cut greenhouse gas emissions and do so in a way that may well be economically inefficient compared to a Clean Power Plan that is centered around end-use energy efficiency," Kharbanda said.

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Aug 28, 2018

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