

Largest power grid operator dismisses the threat of coal and nuclear plant closures

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The operator of the largest power market in America released a report Thursday finding that its electricity supply would hold up against a range of threats, providing evidence against the Trump administration case for preserving coal and nuclear plants.

“The PJM system is reliable today and will remain reliable into the future,” the grid operator, PJM Interconnection, said in an eight-page summary of a much-anticipated report slated for full release in December.

Andrew Ott, president and CEO of PJM, amplified that assertion later Thursday during a press conference in Washington D.C.

“The grid is more reliable today than it’s ever been,” Ott said.

PJM covers a large territory representing 65 million people in 13 states from Illinois to Virginia.

The report weighs against the Trump administration’s interest in using emergency power to keep coal and nuclear plants alive.

“We think government intervention is unnecessary,” Ott said. “Nothing in our report would say there is a specific need for a specific fuel source. We are fuel neutral.”

The White House has reportedly considered asserting a national security justification for providing coal and nuclear plants with subsidies to keep them from retiring. The effort has stalled, but critics, who say action would upset competitive power markets that reward the lowest cost resource – and also raise electricity rates – fear the administration could try to revive the idea through different mechanisms.

Ott [testified to Congress last month](#) that the grid operator's analysis shows that coal and nuclear closures in the region he covers scheduled for 2021 and 2022 can happen without causing a problem to the grid.

PJM has previously said its grid is "more reliable than ever" and that any federal intervention "would be damaging to the markets and therefore costly to consumers" by raising electricity prices.

Its new analysis of the grid's resilience released Thursday projected five years into the future, testing more than 300 different scenarios, including extreme ones where announced retirements of plants occur as planned, the weather is disruptive, and power demand is high.

In one scenario, it analyzes a hypothetical 14-day period of cold weather, combined with high customer demand and a fuel supply disruption, caused by a situation such as a break of a pipeline that delivers natural gas.

"Even in an extreme scenario, the PJM system would still remain reliable," the report said. "While there could be reserve shortages in the extreme winter load scenarios, the grid would remain reliable and able to continue to deliver electricity reliably under these extreme conditions."

PJM, however, included one scenario where the grid could face risk – if more retirements of power plants occur than expected.

“Based on results of this analysis we do see a risk we can get into situations where we couldn’t meet all demand under certain circumstances,” Ott said, adding that any threat is “at least” five to six years away.

While there is no "imminent threat" to the grid, PJM said the findings of its report justify its effort to encourage the Federal Energy Regulatory Commission, which oversees wholesale power markets, to take action to more fairly pay fuel sources based on the security they can provide.

PJM has offered a proposal to FERC that would change how power providers are compensated as the grid transitions to more natural gas and renewables, rewarding sources that can provide reliable and resilient service.

The grid operator prefers a different approach to the Trump administration that would be market-neutral, in which all power sources, not just coal and nuclear, could receive enhanced payments, based on certain characteristics, such as the ability of a plant to store fuel on-site.

“There are legitimate discussions about resource attributes that aren’t priced,” Ott said. “My message is: let’s quantify the attribute and price it through the market. It’s a more sustainable and efficient way to do it.”

FERC, a panel of independent energy regulators, last year rejected a previous version of the Trump administration’s plan to provide special payments to uneconomic coal and nuclear plants that could store 90 days of fuel on-site. But it directed regional transmission operators such as PJM to submit information on resilience challenges in their markets, in anticipation of potential future action FERC could take on its own.

FERC is considering the comments before determining how or whether to act.