

Republican Perspective

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Is Reliable Electricity At Risk?

“So if somebody wants to build a coal-fired plant they can. It’s just that it will bankrupt them.” Barack Obama

The Environmental Protection Agency (EPA) recently issued its anticipated regulation on carbon emissions from existing power plants. The regulation is scheduled to take effect in 2020 and codifies the Obama Administration’s war on coal. One of the President’s former Harvard constitution law professors, Laurence Tribe was commissioned by Peabody Coal to provide his view on whether or not the EPA regulation was constitutional.

Professor Tribe offered the “EPA’s actions serve as a breathtaking example of Executive overreach and an assertion of power beyond the agency’s authority.” He provided four reasons for his basis:

1. The proposed rule repudiates a policy of prudent coal use shared by Democratic and Republican administrations for decades: EPA is attempting to reverse decades of bipartisan federal policy emphasizing increased use of domestic coal to achieve U.S. energy independence, reduce imported foreign oil, and provide reliable and affordable electricity.
2. The proposed rule raises serious constitutional questions under the separation of powers, articles I and II, and principles of Federalism: A Presidential speech does not have the force of law and cannot provide EPA with the authority to adopt the proposed rule.
3. The proposed rule violates Fifth Amendment due process and the takings clause by threatening to upset well-settled investment backed expectations developed in reliance on longstanding federal policy and by singling out a few to bear the burdens that should be borne by society as a whole.
4. The proposed rule violates structural limits on EPA authority and principles of Federalism: The proposed rule impermissibly conflicts with state agencies currently exercising authority over electricity regulation. The proposal contradicts the Clean Air Act and would raise serious constitutional questions under the Tenth Amendment and principles of Federalism.

Coal is one of America’s most abundant commodities and accounted for 39% of the country’s electricity in 2013. While California considers itself green it has relied on coal-

fired power plants from neighboring states for years. This year's brutal winter proved the value of the nation's coal-fired fleet. Coal was the only fuel with the ability to meet electricity demand providing 92% of incremental electricity in January and February. Large base load coal plants were used to stabilize the electrical grid and keep many parts of the country functioning.

The impact of the EPA's rule is drastic as it will force the closing of many coal-fired units. One energy study reports that 72 gigawatts (GW) of electrical generating capacity have already or are set to retire because of EPA regulations. 72 GW is enough energy to reliably power every home west of the Mississippi river, excluding Texas. What is going to replace this power generation?

Environmentalists may argue that solar and wind power will step into the vacuum. This hopefully will occur in due time but they are not yet a source of reliable on-demand energy that consumers have grown accustomed to enjoying. One key problem is storage of the energy they produce. The huge solar plant in the Mojave Desert is experiencing difficulty in producing the power it had promised. The Ivanpah Solar Electric Generating Station was built with \$1.6 billion federal loan guarantee with the expectation of producing one million megawatt hours (MWh) of electricity per year. It's power is under contract to Southern California Edison and PG&E.

Ivanpah's solar technology was developed by Oakland based BrightSource that owns 20% of the plant. The Houston utility NRG owns 50% with the remaining 30% going to Google. Due to lack of solar production, the owners received permission from California regulators to use 60% more natural gas than was allowed under the plant's certification. BrightSource said "weather at Ivanpah since February has generally been worse than expected, resulting in reduced output." The plant is now forecasted to produce 600,000 MWh's some 40% below its expectation with increased assistance from natural gas.

Californians and the nation needs coal-fired power plants to bridge the time gap until alternative energy sources become on-demand reliable and affordable. One of the state's two nuclear generating station's has been closed and now Senator Barbara Boxer is leading the charge to curtail power at PG&E's Diablo Canyon Nuclear Power Plant. Where this all leads is uncertain but you can anticipate the cost of electricity to rise.