

A nighttime photograph of the Washington Monument and the U.S. Capitol building, illuminated against a dark blue sky. The Washington Monument is the central focus, with the U.S. Capitol building visible to the right. The Lincoln Memorial is visible in the foreground on the left.

The Importance of the Coal Fleet

Kentucky Industrial Utility Customers

Michelle Bloodworth, America's Power
March 13, 2020

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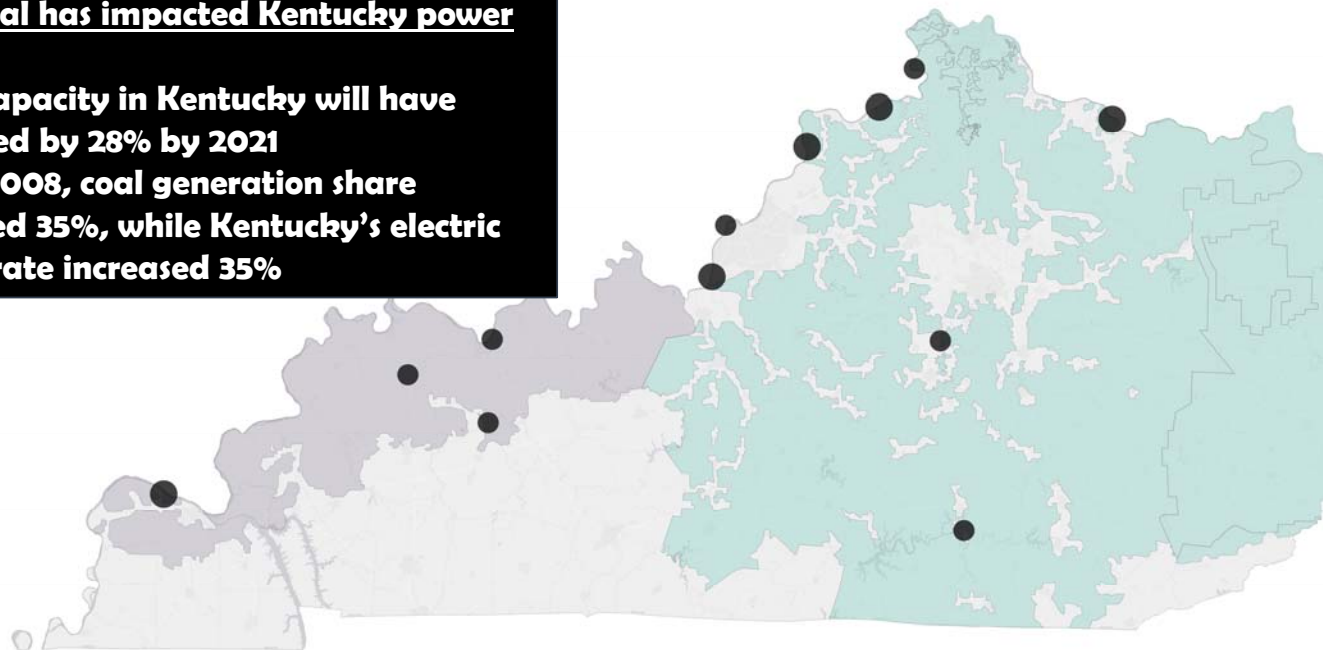
There are many reasons why the coal fleet is important

- **Fuel diversity**
- **Reliability**
- **Resilience**
- **Fuel security**
- **Insurance policy**
- **Affordability**
- **National security**

12 power plants (34 units) totaling 12,000 MW comprise Kentucky's coal fleet, which operates in three markets

Loss of Coal has impacted Kentucky power prices:

- Coal capacity in Kentucky will have dropped by 28% by 2021
- Since 2008, coal generation share declined 35%, while Kentucky's electric retail rate increased 35%



KY-MISO:
6 coal units,
1,700 MW capacity

KY-PJM:
9 coal units,
4,124 MW capacity

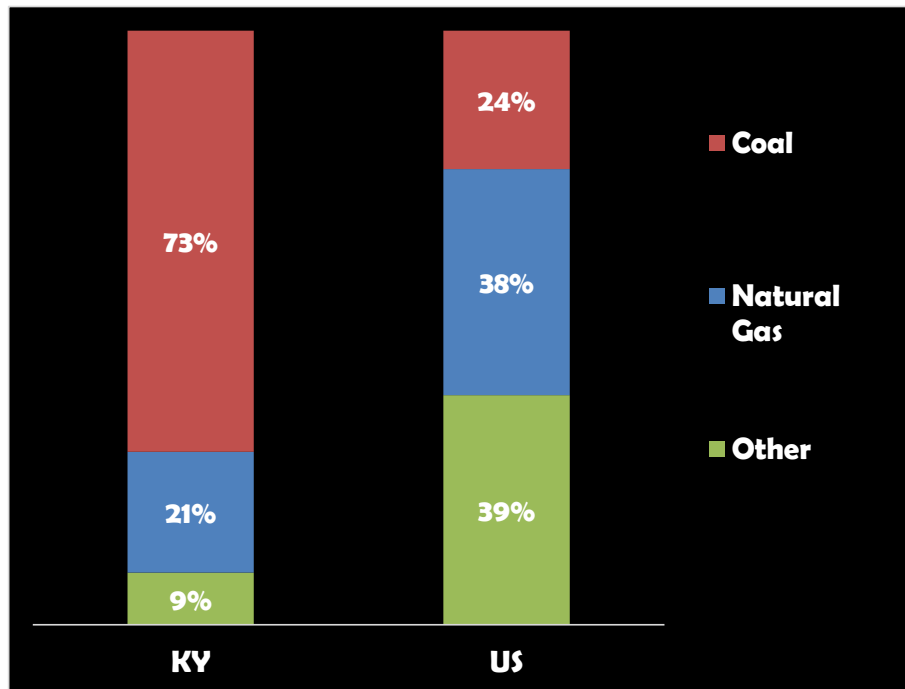
KY-SERC:
19 coal plants,
6,264 MW capacity

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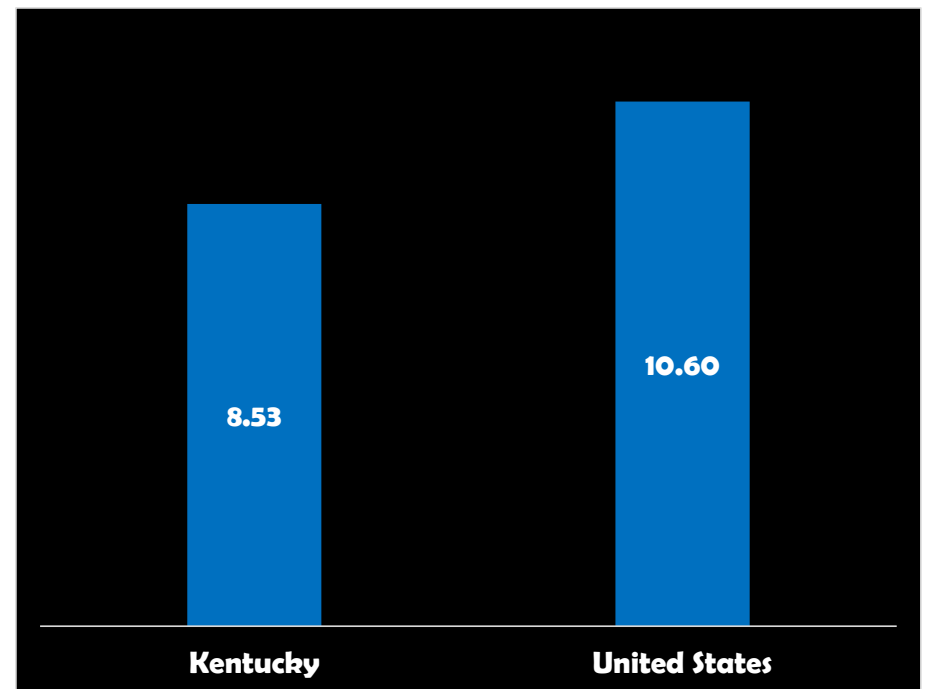
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Coal keeps Kentucky electricity rates affordable

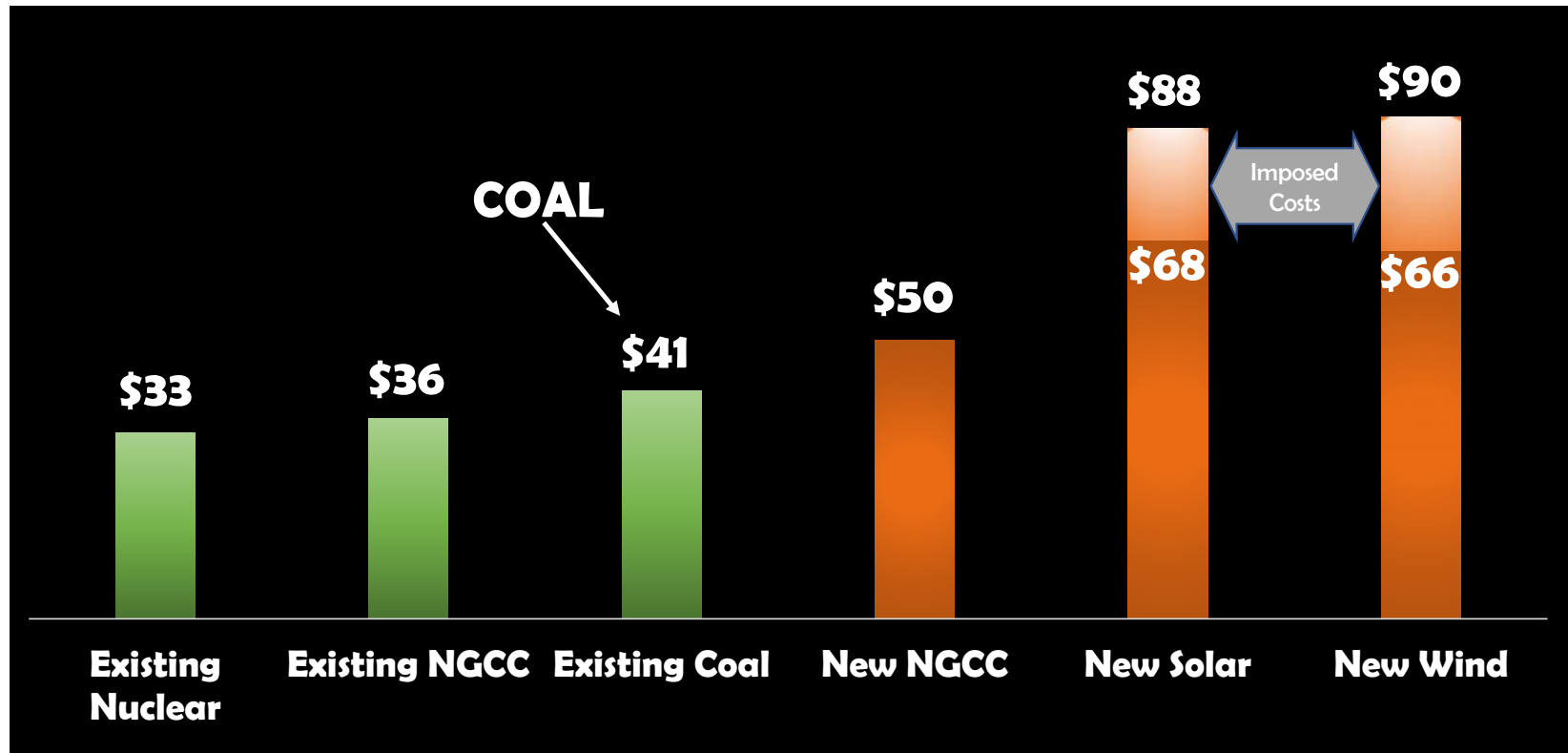
2019 Generation Mix (by MWh)



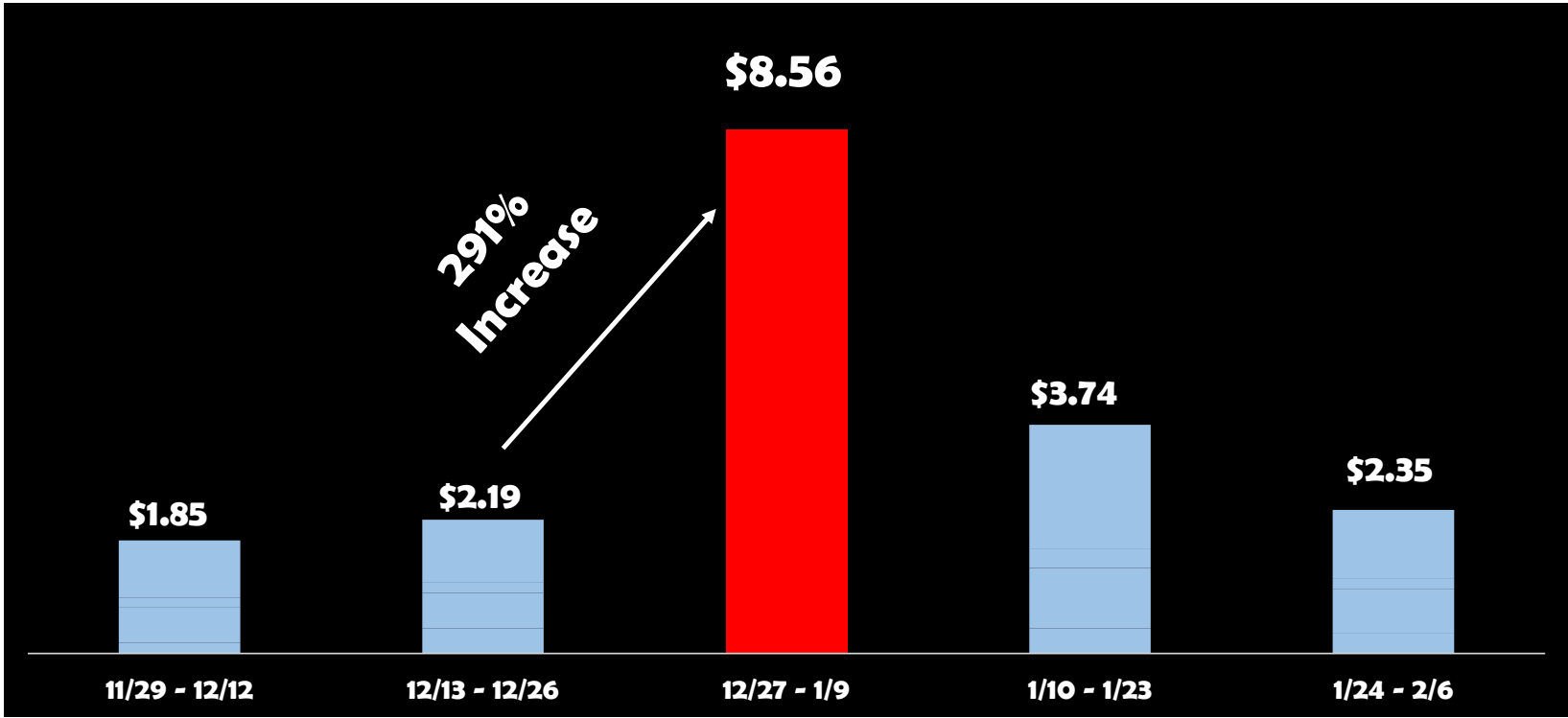
2019 Average Electricity Rates (cents/kWh)



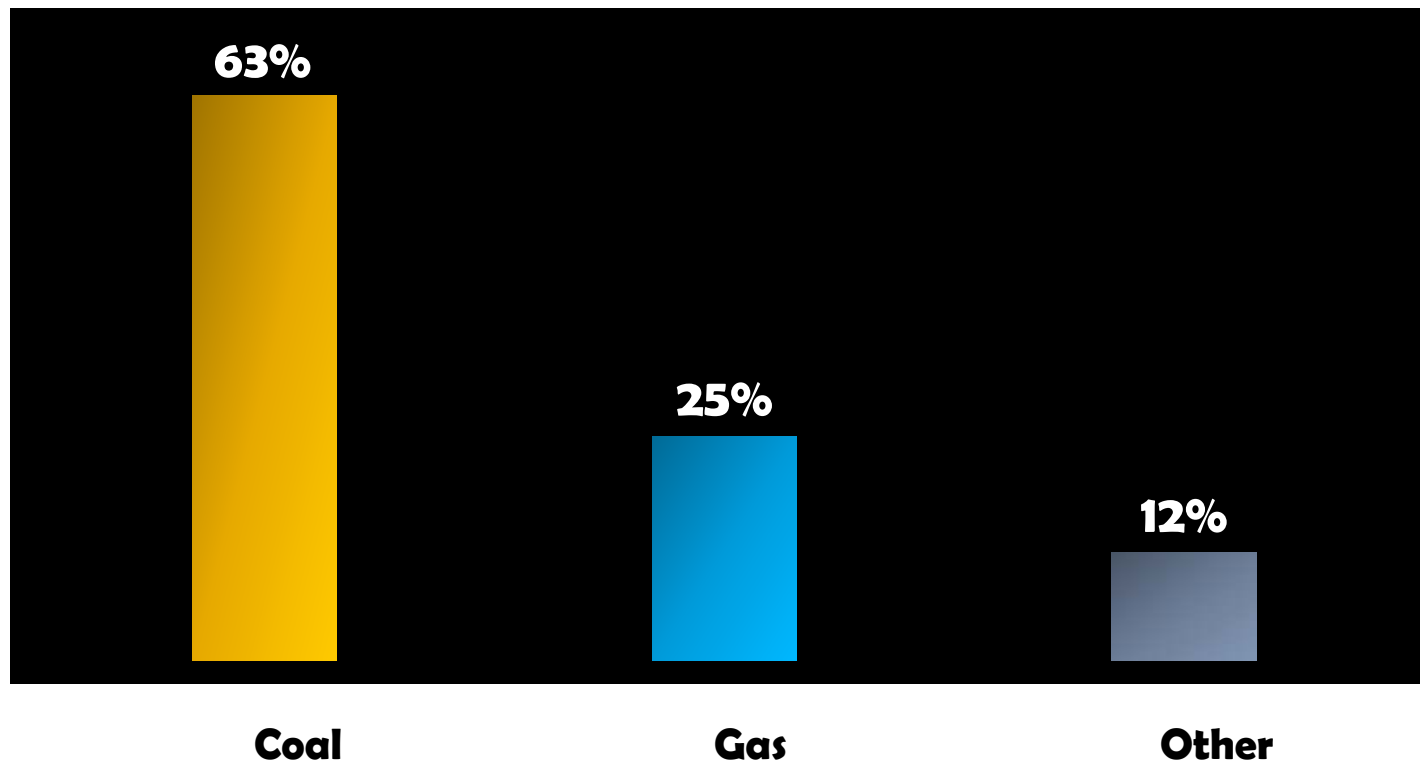
Existing coal is less expensive than new sources of electricity



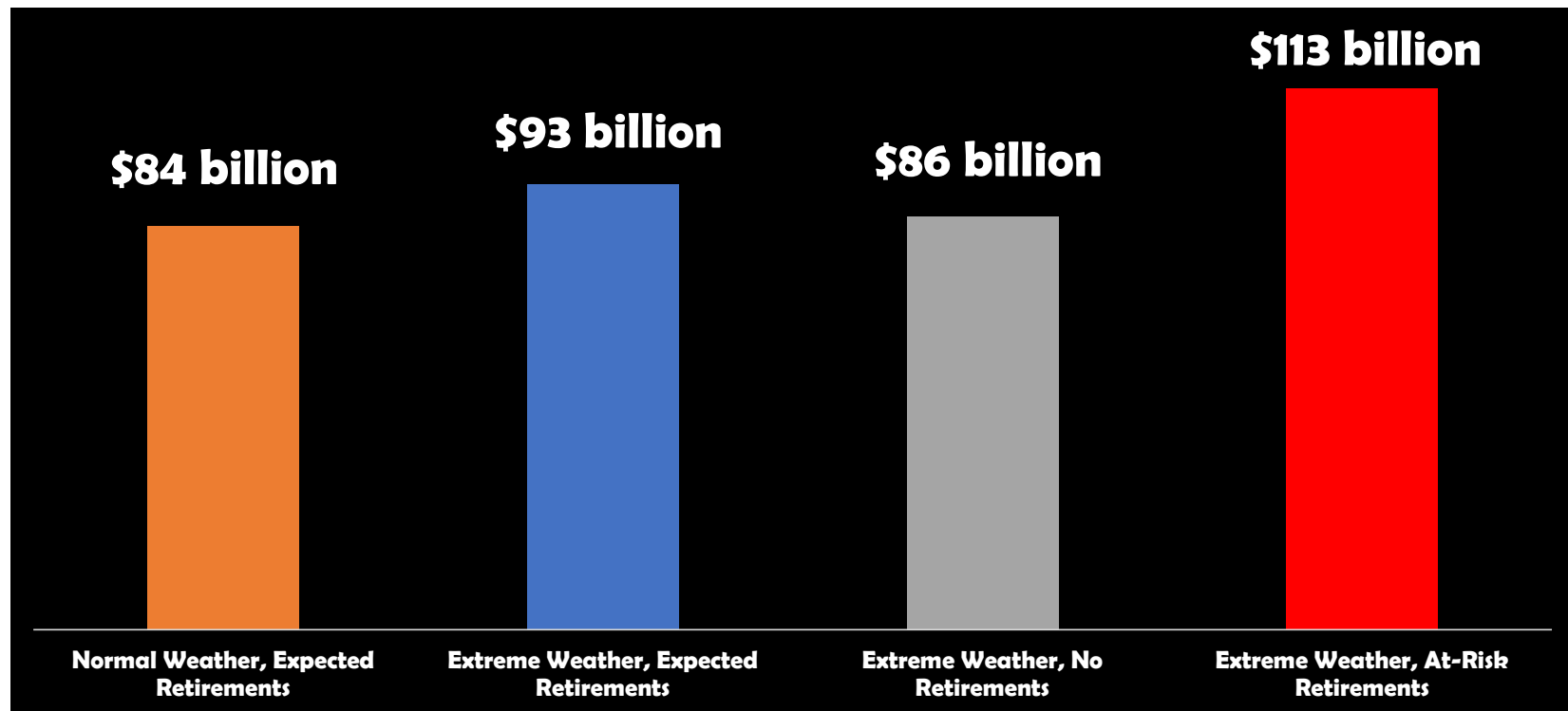
Natural gas prices tripled across four RTOs during the 2018 Bomb Cyclone



Coal showed that it was essential during the 2018 Bomb Cyclone by increasing output more than other electricity sources



Coal retirements could cost as much as \$29 billion across four RTOs. These are winter season electricity costs for 2020-2024.



ACE is a good rule for a number of reasons

- **Does not force the premature retirement of more coal-fired power plants**
- **Will not cause electricity rate increases**
- **Respects the role of states**
- **Bases requirements on reasonable efficiency improvement measures**
- **Considers the unique characteristics of each coal-fired generating unit**
- **Some units might not have to adopt efficiency improvement measures**
- **Is legally robust**

Kentucky should be an early mover

States to be early movers because submitting a plan early would —

- **Assure approval by a friendly administration**
- **Help provide legal support for the rule**
- **Provide a greater degree of regulatory certainty**
- **Take advantage of efficiency benefits sooner**
- **Achieve emission reductions sooner**
- **Provide an example for other states to follow**

How to maintain reliability and keep electricity prices affordable

- **Don't move away from coal**
- **Urge PJM and MISO to value resilience and fuel security**
- **Urge FERC to complete its resilience docket**
- **Public service commissioners should evaluate levelized costs in making retirement decisions**
- **Make Kentucky an early mover on the ACE rule**

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