

FERC rejects subsidies for coal, nuclear plants

By **Paul J. Gough** – Reporter, Pittsburgh Business Times
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The **Federal Energy Regulatory Commission** rejected a federal Department of Energy recommendation to subsidize coal and nuclear companies for their participation in the electrical grid, a blow to the industries that are fighting to keep market share amid closing plants and the rise of natural gas.

DOE Secretary **Rick Perry** had asked for the proposed rule to help protect coal and nuclear from an eroding position in the nation's electrical grid. **FERC announced Monday** that instead of DOE's proposed rule it would instead launch its own fact-finding into resilience at the regional transmission organization and independent system operators level.

The so-called Grid Reliability and Resilience Pricing Rules **had been a hot-button topic in the energy industry**, with coal and nuclear supporters backing the idea but with natural gas industry and environmentalists lining up on the other side amid the rise of natural gas as a source for electricity generation. And community groups such as the United Way of Beaver County and the South Side Area School District wrote to FERC in support of the rule, concerned that the districts and the United Way fund-raising would be impacted if the Beaver Valley Nuclear Operating Station in Shippingport was impacted.

FERC rejected the DOE's subsidy program but said it was important enough an issue to continue to study and look at whether FERC needs to do something. It's especially concerned about resilience, which would be how the power grid can survive a big event like the 2014 Polar Vortex. FERC asked each regional transmission organization and independent system operator — which would include regional grid operator **PJM Interconnection** — to assess the resilience of the power grid.

"This examination of the resilience of the bulk power system will be a priority of the commission," FERC said in its filing Monday.

Three commissioners wrote separate statements included with the FERC finding. FERC Commissioner **Richard Glick** said closing coal and nuclear power plants hasn't changed the grid's reliability, according to a DOE study.

“Nor does the record support the department’s proposed remedy: A multi-billion dollar bailout targeted at coal and nuclear generating facilities,” Glick wrote.

“There is no evidence in the record to suggest that temporarily delaying the retirement of uncompetitive coal and nuclear generators would meaningfully improve the resilience of the grid.”

But **FirstEnergy Corp.** (NYSE: FE), which operates both the Bruce Mansfield Coal Plant and Beaver Valley Nuclear Operating Station in Shippingport, said it was disappointed in the ruling.

“Baseload coal and nuclear plants have long played an invaluable role in a well-functioning electric grid, yet the markets do not adequately compensate these assets,” said spokeswoman Jennifer Young. “Without timely action, more of these facilities will close prematurely, jeopardizing the ability to provide clean, reliable and affordable power to customers while harming economies across the region.”