Low Natural Gas Prices Main Reason for Recent Coal and Nuclear Plant Retirements

The accelerating retirement of coal and nuclear has prompted several states to address the impacts from early retirement through legislation. Renewable energy is continuing to gain market share, increasingly driven by declining costs, increasing efficiency, and economies of scale. This has created a difficult financial situation for many fossil-fuel-fired generation units that have struggled to compete with cheaper natural gas-fired plants.

### Renewable energy versus natural gas

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>2012</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Gas</td>
<td>$212</td>
<td>$281</td>
</tr>
<tr>
<td>Gas Combined Cycle</td>
<td>$48</td>
<td>$78</td>
</tr>
<tr>
<td>Gas Reciprocating</td>
<td>$68</td>
<td>$101</td>
</tr>
<tr>
<td>Nuclear</td>
<td>$97</td>
<td>$136</td>
</tr>
<tr>
<td>IGCC</td>
<td>$94</td>
<td>$210</td>
</tr>
<tr>
<td>Diesel Reciprocating</td>
<td>$203</td>
<td>$281</td>
</tr>
</tbody>
</table>

### Nuclear plant retirements

- **3/7/2017**: SB 204
- **3/20/2017**: HB 2303/SB 1394
- **4/28/2017**: AB 405
- **4/28/2017**: HB 1565
- **5/31/2017**: SB 204

### Legislative proposals

- **Would establish coal-fired generating unit assurance program**, to begin by July 1, 2014, for coal-fired generation (SB 204).
- **Requires the Commission to establish a program, to begin by July 1, 2014, for energy storage**, to afford eligible agricultural cooperatives, to begin by July 1, 2014, for energy storage (AB 405).
- **Temporarily increases the coal severance tax for certain costs of certain energy systems**, to require the state electric companies to invest in energy efficiency and peak shaving (HB 2303/SB 1394).
- **Would provide an orderly process**, under a dramatic increase in net electricity generation from utility-scale solar, to prevent unreasonable degradation of electricity networks (SB 204).
- **Would direct the department of taxation to establish an energy system tax to benefit the environment**, to benefit the environment (AB 405).

### Additional information

- **Power & Utilities**
- **Smart Grid**

**Source:** EIA, EnerNex, EnerKnol, Lazard