Michelle Bloodworth, President & CEO, America's Power, Says We Need to Drive Home Reliability Message

Michelle Bloodworth, President & CEO, America's Power, addressed the West Virginia Coal Association 50th Mining Symposium, held March 26-27, 2024 at the Charleston Coliseum & Convention Center, Charleston, WV.

Michelle Bloodworth

"I believe in coal electricity, and I certainly think we need coal not only now, but we're going to need it in the foreseeable future," said Bloodworth. "We're the only national trade association who solely focuses on coal electricity and also its supply chain. Our members consist of electricity generators, coal producers, transportation companies, and also equipment manufacturers. I think most of you would agree, there has been a marked change in the way we are talking about grid reliability and the energy transition".

According to Bloodworth, there have been numerous warnings about reliability across the United States from people in Congress, state utility commissioners, wholesale grid operators, electric reliability regulators, and many others expressing their concerns. MISO, which is the Mid-Continent Independent System Operator, which also serves about 45 million customers, and it also serves about 15 states in the Midwest, and their CEO, just a couple weeks ago, stated that there are immediate and serious challenges to the reliability of our region's electric grid. He went on to say that the transition that is underway to get to the decarbonized end state is posing material adverse challenges to electric reliability.

MISO is important because it houses the largest coal fleet in the United States, and PJM houses the second largest. America's power has really made reliability the cornerstone of its advocacy work, and they are beginning to see progress. Nationally, the importance and the resurgence of the appreciation of what reliable and affordable electricity means, and certainly we are seeing that consumers prioritize reliable and affordable electricity over a rushed transition to renewables.

America's Power certainly is worried about the impact of EPA regulations, the pace of coal retirements, the grid transition away from dispatchable, dependable resources to weather dependent, intermittent generation resources. We have spent a lot of time over the past three years with policy makers, both federal and state, who really are going to weigh in on these decisions as they are made regarding the replacement of coal generation with intermittent renewables. In the past couple years, most of these warnings have been from trades, publications, and they've been from electricity experts.

"What has really changed, and this is what the CEO of MISO said, when I spent some time talking to their board of directors last week, and they said to him, well, how do you really know that MISO's warnings are making a difference in your region, given there's still a significant amount of announced coal plant retirements?" explained Bloodworth. "And he said, because if you look at national publications, this has now become a national issue. It's not a specific state, it's not a specific region, but we have serious reliability issues".

There are FERC commissioners that are basically saying we are headed for a reliability crisis. There have been articles of recent, really talking about how we do not have enough capacity in the United States to keep up with rising electricity demand. We have been using polling to really shape our messaging and to support our policy priorities. When we conducted polling and we asked consumers, what is most important to you in your electricity-related considerations? In the past, affordability has been number one, but because we have seen blackouts across the United States, overwhelmingly, reliability ranked number one, closely followed by affordability.

Very far down the percentages was that they wanted their power from renewable energy. Most people just want the power to be able to flip a switch and to be able to count on their electricity resources. We also found, and certainly want to commend NOT SO FAST and Jimmy Brock for everything he is doing for this industry and many of you all are, because we found that when consumers, because electricity is very complex, and these grid operators use all these weedy terms, a lot of people don't understand what capacity accreditation is.

But when we use simple messages, we have found that it really works and people are beginning to understand that we have a problem. They may argue over what the solution is, but there is a large recognition by the people who are going to make a lot of these decisions that we certainly have a large problem.

The North American Electric Reliability Corporation Is basically the watchdog in the United States and parts of Canada, responsible for managing the reliability of the bulk power system. The analysis that they had been doing, we had sent them information that they had underestimated, announced coal plant retirements by fourfold. And so fast forward now to the long-term reliability assessment that they just released for 2023. They are showing that two-thirds of the country is at high and elevated risk of blackouts.

That means cutting off power to consumers. If we continue with this trajectory and we continue with the policies of these EPA regulations, the Inflation Reduction Act, many of these policies regarding EPA regulations, the whole country will be at elevated risk of blackouts. The report also talks about the pace and the loss of dispatchable resources and how the math just does not add up. When you add electricity demand, which we've not seen in about 10 years, we are retiring generation with a higher accredited capacity. That means generation that is dependable and is going to be there during the riskiest hours, whether that's extreme summer weather or extreme winter weather, that we are losing more and we need to slow down the pace of the loss of dispatchable base load resources.

This is the first time at MISO's board meeting that the entire board of directors, utilities, park commissioners, state utility commissioners, heard that right now MISO is not safe. An urgent call was made to the utilities in that region saying they needed to slow down the pace of coal retirements. They cannot interconnect to the grid the vast amount of wind and solar.

They're not able to build out the vast amount. Jimmy talked about tripling the size of transmission at about a trillion dollars, which people are beginning to wake up to. MISO is advocating to build 23 billion in just one tranche of projects. Consumers are not ready and understand what is coming at them, not only from a technology, but from a cost standpoint. The good news is because of many of these warnings, utilities and generators are making decisions to slow down. There have been a lot of studies that have been done lately really warning that our electricity supply is growing faster than many have forecasted just from even a year ago. One of the main issues we're facing is certainly AI data centers.

We've had a resurgence in manufacturing. We've got battery manufacturing plants that are trying to be permanent. Root Strategies, who is a leading consulting engineering firm, published an overview and they forecasted that the increase in electricity demand projected over the next five years has almost doubled in one year. That's why you're seeing Georgia Power and many utilities coming back to their public service commissions and saying, hey, I've under-forecasted electricity demand. I might need to keep these coal plants a little bit longer because we don't have enough capacity and we certainly don't want our state to turn away economic development opportunities.

Over that same time period, only five years from now, we have 60,000 megawatt of announced coal retirements. That's why we certainly are headed for a liability crisis when we're facing a hole with that demand. Root Strategies is estimating

we're going to need 38,000 more megawatts of generation when we're looking at losing 98,000 megawatts of generation. Obviously, the math just does not add up.

America's Power supports, like Jimmy 'all of the above', but 'all of the above' also includes coal. We have got to make sure that anything we say is backed by facts and data and analysis because we certainly are targeted by many who are opponents. PJM recently did a study where they are looking at 40,000 megawatts of retirement, two-thirds of those are coal and a third of those are natural gas, in less than five years. We actually think those numbers will be greater than that because of the EPA regulations and because we do not feel like EPA is really paying attention or doing proper reliability analysis.
To strengthen the impact of America's Power, we have begun building state-specific coalition platforms with the same mission of America's Power, but we're trying to tailor those to individual and local issues and also to state issues. Dependable Power Kentucky First was the first initiative and campaign we started about eight months ago. It has allowed us to educate Kentucky grass-top stakeholders about the urgent need to prioritize grid reliability.

During the bomb cyclone or the polar vortex, coal was providing over 50% of the incremental electricity. During winter storm 2024 on the peak hour when demand hit across MISO and PJM, 90% of that energy was supplied by fossil fuels. We still need fossil fuels because we don't have long duration battery storage and carbon capture and storage technology. We need a lot more investment and we need a lot more time. Hydrogen, is still very expensive. The CEO of EPRI, the Electric Power Research Institute also spoke at our board meeting. And he very much said, you guys need to be advocating for the future of coal because none of those technologies are prime time and they are decades away.

America's Power does work with a lot of key policy makers, including state utility commissioners, Congress, FERC, NERC, also state legislatures. We've done about 30 briefings with state utility commissioners. We do spend a lot of time at the Federal Energy Regulatory Commission. They are also responsible for the reliability of the bulk power system and the way they regulate wholesale markets. We've testified three times in the past two years, really honing in on the impact of these EPA regulations on grid reliability and certainly rising electricity demand, how we don't think the Environmental Protection Agency has done proper reliability analysis and also supporting both state and federal enact regulations and legislation that would require EPA to do proper reliability analysis before they bring forward any other regulations.

America's Power distributes its papers to about 1,500 people with analysis. We have a lot of state utility commissioners who we also work with, like the chair of the West Virginia Public Service Commission, Charlotte Lane, who recently spoke with the head of Joe Goffman of EPA at NAGRD. We had over 1,500 state utility commissioners and staff and she did an outstanding job talking about the impact of the Carbon Rule and the other environmental regulations, and the detrimental impact that they would have on consumers in West Virginia. These are the five simple steps that we along with others are promoting:

1. Before you retire any generation, you need to make sure that you have steel in the ground,
2. That you're not just planning but that you have replacement capacity,
3. Make sure that the generation that's replacing it has the same attributes,
4. Coal is very fuel secure,
5. Natural gas is fast ramping up.

Five of the six attributes that MISO and other grid operators have identified, coal provides, and intermittent generation does not provide. That's why diversity and an 'all of the above' energy approach is best. People also don't really understand the tremendous amount and the cost of transmission that's going to have to be added and when utilities and state utility commissioners are considering retirements, they need to add in the cost of transmission but they also need to make sure there is time. High voltage transmission typically takes 15 to 17 years to build and we all need to make sure that steel is in the ground before that resource is replaced because we need more resources. We don't need to eliminate or remove or retire any of them.

“As we all prepare for the November elections, we certainly see an opportunity to build on these messages and drive home our reliability messaging,” said Bloodworth. “In support of this goal, we will be using these five solutions as we outline for a new messaging and advocacy digital campaign branded under America's Power.

“Simultaneously, we all need to continue to push our policy positions and solutions to state utility commissioners, to policy makers and other leaders in the states and certainly collaborate with all our partners including the American Coal Council, the National Mining Association and WVCA. I am very confident given all of the analysis and all of the facts and all the engineering and the science that we certainly are going to need not less coal but more coal in the future and certainly for decades and decades to come,” said Bloodsworth.