

EPA Should Subsidize Hardships Caused By Shutdowns of Coal-Fired Power Plants



A recent [New York Times](#) issue featured an article on the problem facing many residents in the Appalachian states as scores of coal fired power plants are shut down as a result of the EPA's actions under the Clean Air Act. These plants will be shuttered due to pollution caused by mercury, arsenic, chlorine and other pollutants, not because of high carbon dioxide (associated with coal burning) in the flue gases. The lost generating capacity will be recouped by power plants using natural gas – the only acceptable fuel now that no more nuclear plants are being built and fuel oil is far more expensive with crude oil at the \$ 100 per barrel level. Natural gas is competitive with coal at \$ 3 per million BTU, but not at the 5-6 \$ level or higher as has recently been the case due to severely cold weather and high natural gas demand.

Where coal continues to be used, power plant operators are or will be installing upgrades that cost hundred of millions of dollars. Also, The [EPA recently set a standard](#) for carbon emissions from new coal-fired power plants that will have the effect of new plants requiring completely new technologies (combined cycle or oxygen instead of air burning - refer to my January 8th, 2014 post) to allow feasible carbon capture. This means that when the remaining coal-based power plants are eventually shut down, electricity costs in those regions will further increase.

Referring back to the NYTimes article, some help is being provided to Ohio residents suffering from “sticker shock” on their utility bills by a state program that holds utility bills to six percent of residents' income- an excellent idea that should be copied by other states. Right now, states like Ohio have a budget surplus (partly due to high tax revenues associated with fracking and industries supporting the extensive fracking going on in Ohio). Other Appalachian states may not be in the same position.

It may therefore make sense for the EPA, which has the overall responsibility for pollution control, to take a leadership position in this area: The effect of the U.S. shifting its power production from coal to natural gas is having unequal effects on the livelihood of residents, which should arguably be dealt with by some sort of state or federal subsidy similar to what is happening in Ohio. This recalls another blog post (October 14,2013) describing substantial subsidies paid by the German government to residents whose electricity bills have risen dramatically as the country shifts substantial generating capacity from nuclear energy to wind power.

I think a good case can be made to help electricity users cope with massive rises in their monthly bills as countries make dramatic shifts in their energy and environmental policies.

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