



# **Why the Proposed U.S. Coal Plant Build-out Failed**

**Energy Finance 2015**



**Institute for Energy Economics  
and Financial Analysis**  
IEEFA.org

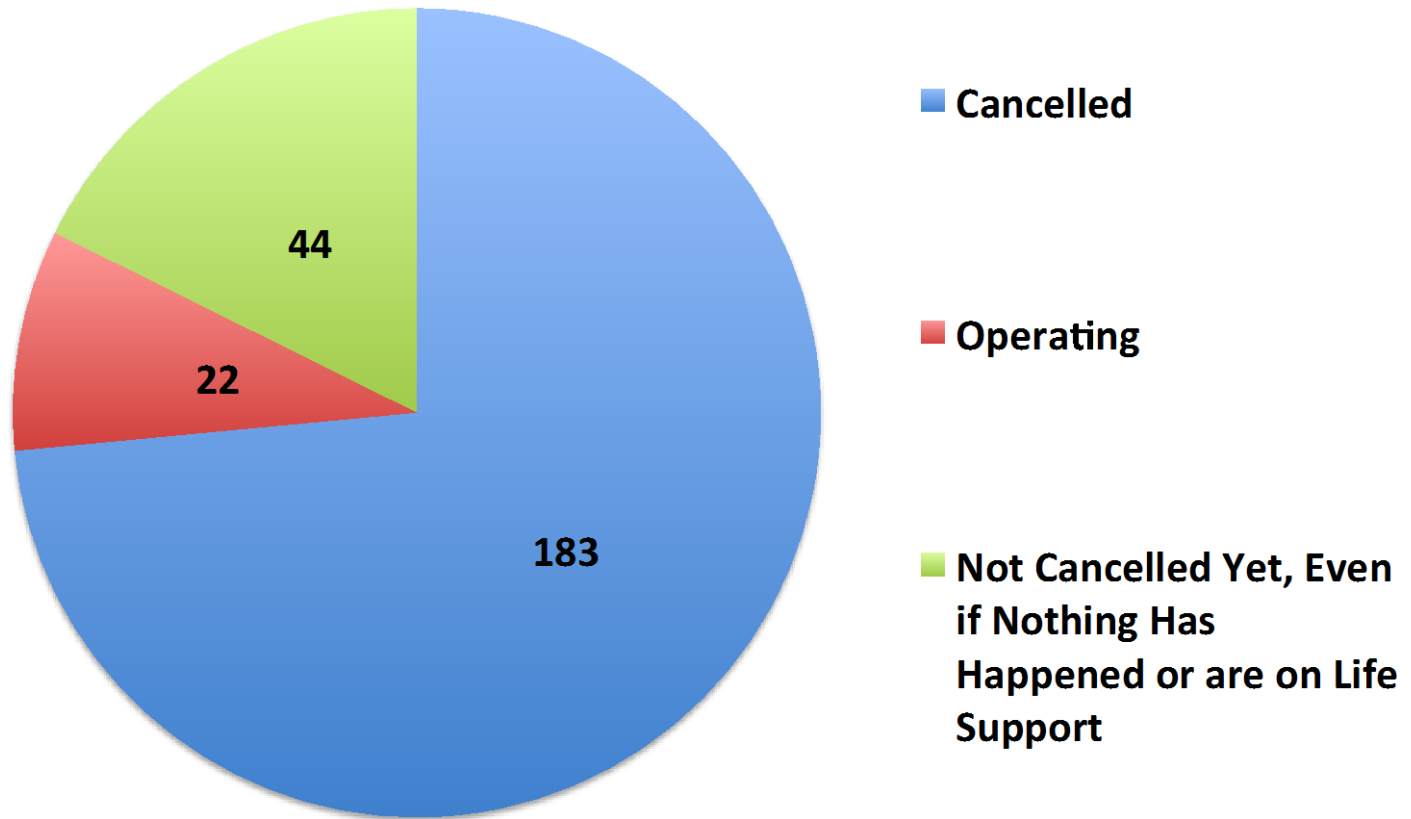
**David Schlissel**  
**March 16, 2015**

# Proposed U.S. Coal Build-Out

- May 2007 report for U.S. Department of Energy listed 151 proposed coal plants.
- Sierra Club has identified a total of 249 proposed coal projects.

# What Happened?

**The Fate of the 249 Proposed Coal Projects Identified by the Sierra Club**



# Why Were So Many Projects Cancelled (1)

- 1. Proposed plants became too expensive due to**
  - Skyrocketing construction costs.**
  - Fear that U.S. Congress would put a price on CO<sub>2</sub> emissions.**
  - Collapse of natural gas prices in 2008.**
  - Concern that there would be more stringent regulation of non-greenhouse gas emissions.**
  - Fear of rising coal prices.**
  - Fear that higher or imprudent costs would be borne by plant owners, not consumers.**

# Why Were So Many Projects Cancelled (2)

## **2. Many proposed coal plants not needed:**

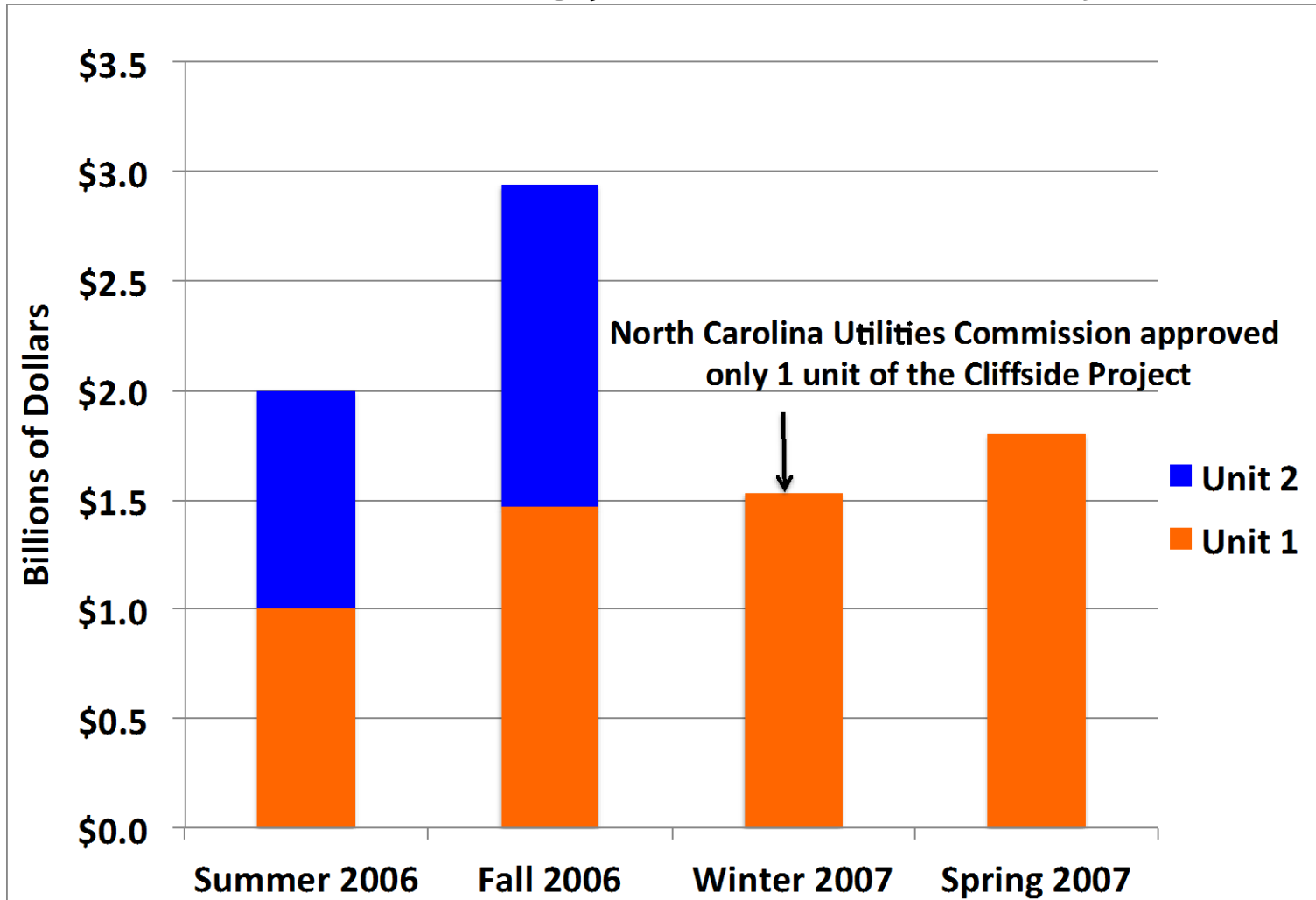
- Demand for power was flat or declining in many states even before Great Recession in 2008.
- States began to adopt policies promoting increased use of energy efficiency and renewable resources.

## **3. Widespread citizen opposition to new plants.**

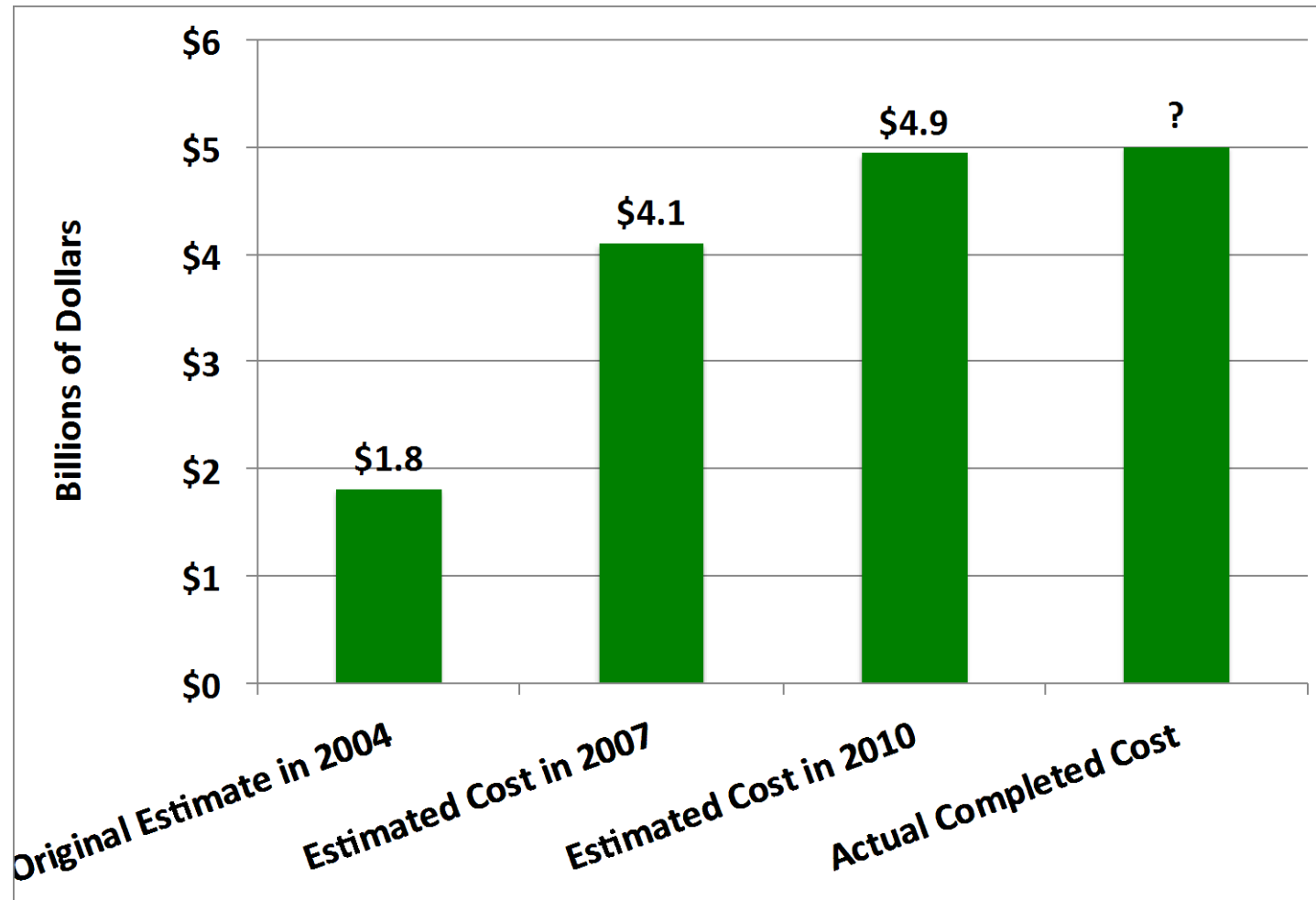
## **4. Increasing concern by investors.**

**Cancellation became the prudent business decision**

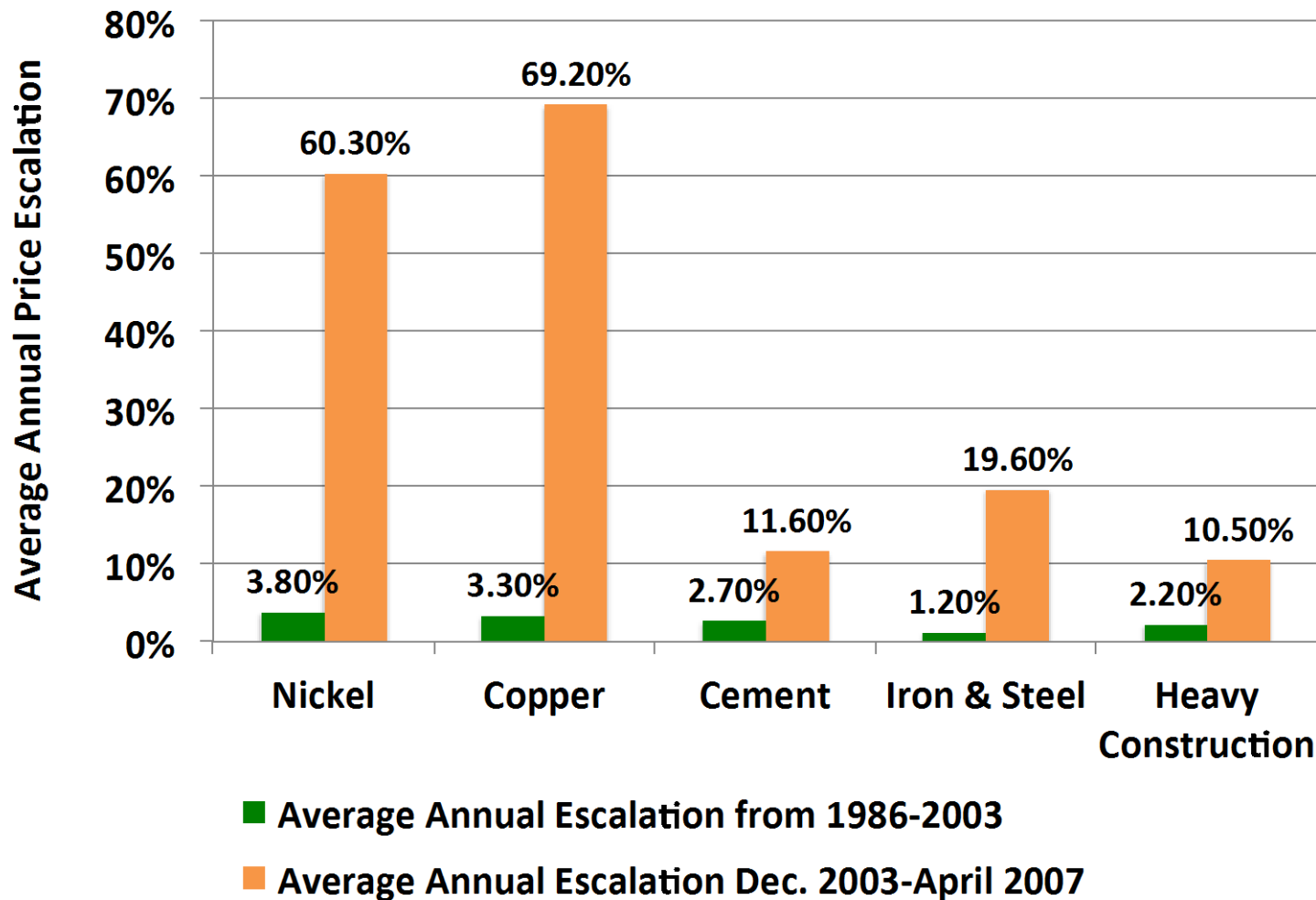
# Soaring Coal Plant Construction Costs – Duke Energy's Cliffside Project



# Soaring Coal Plant Construction Costs - Prairie State Energy Campus

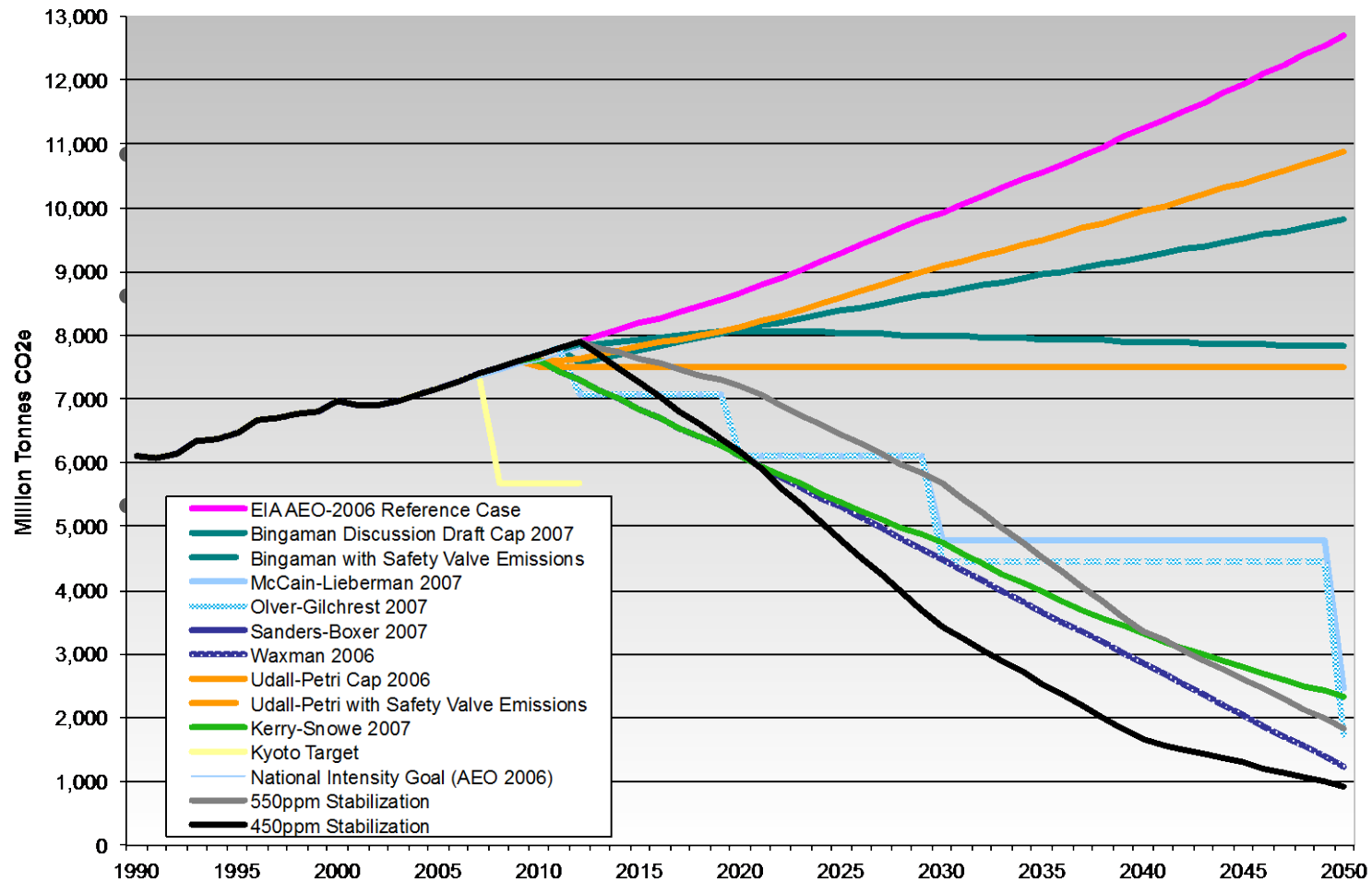


# Why Did Coal Plant Construction Costs Increase So Rapidly?

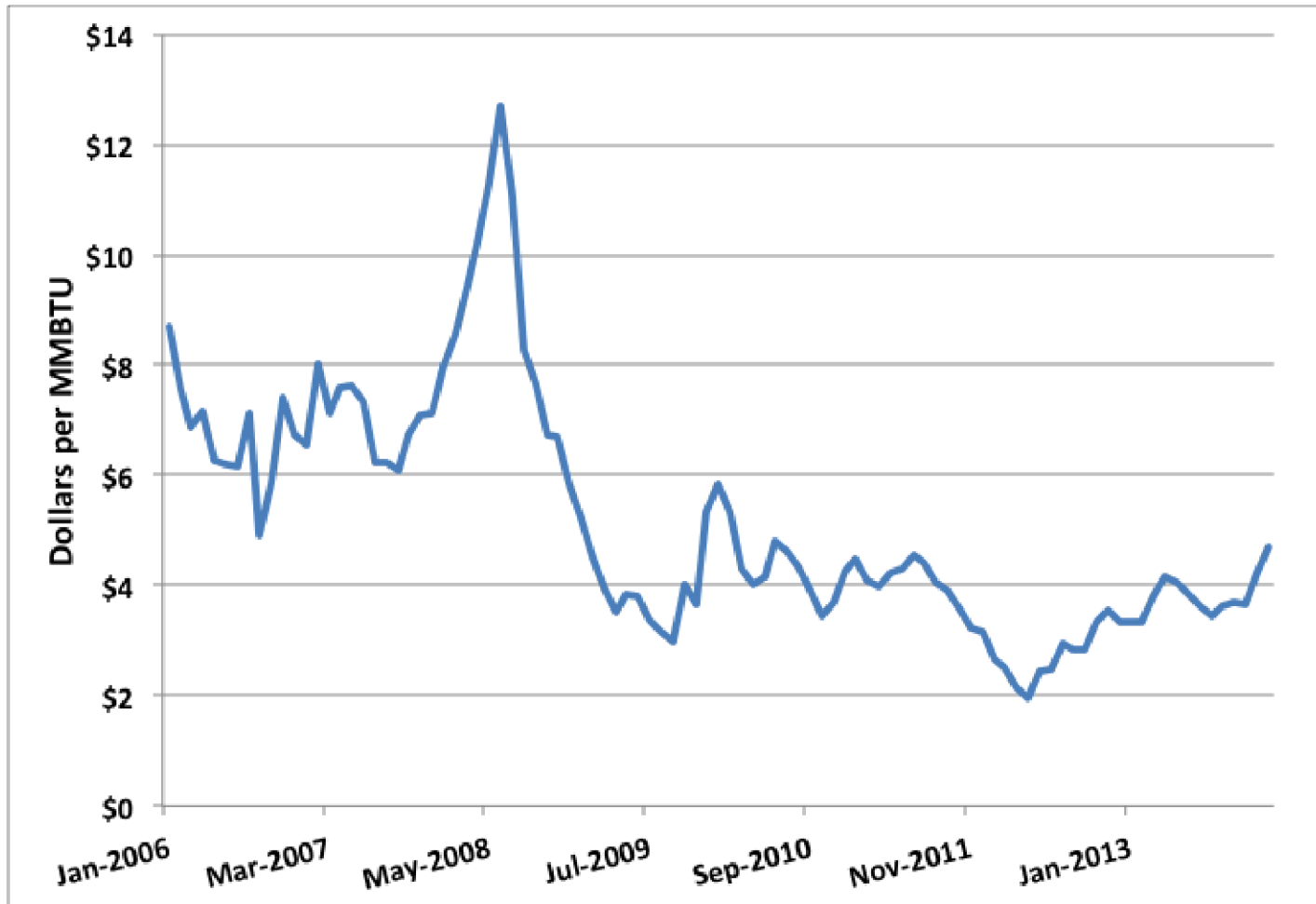




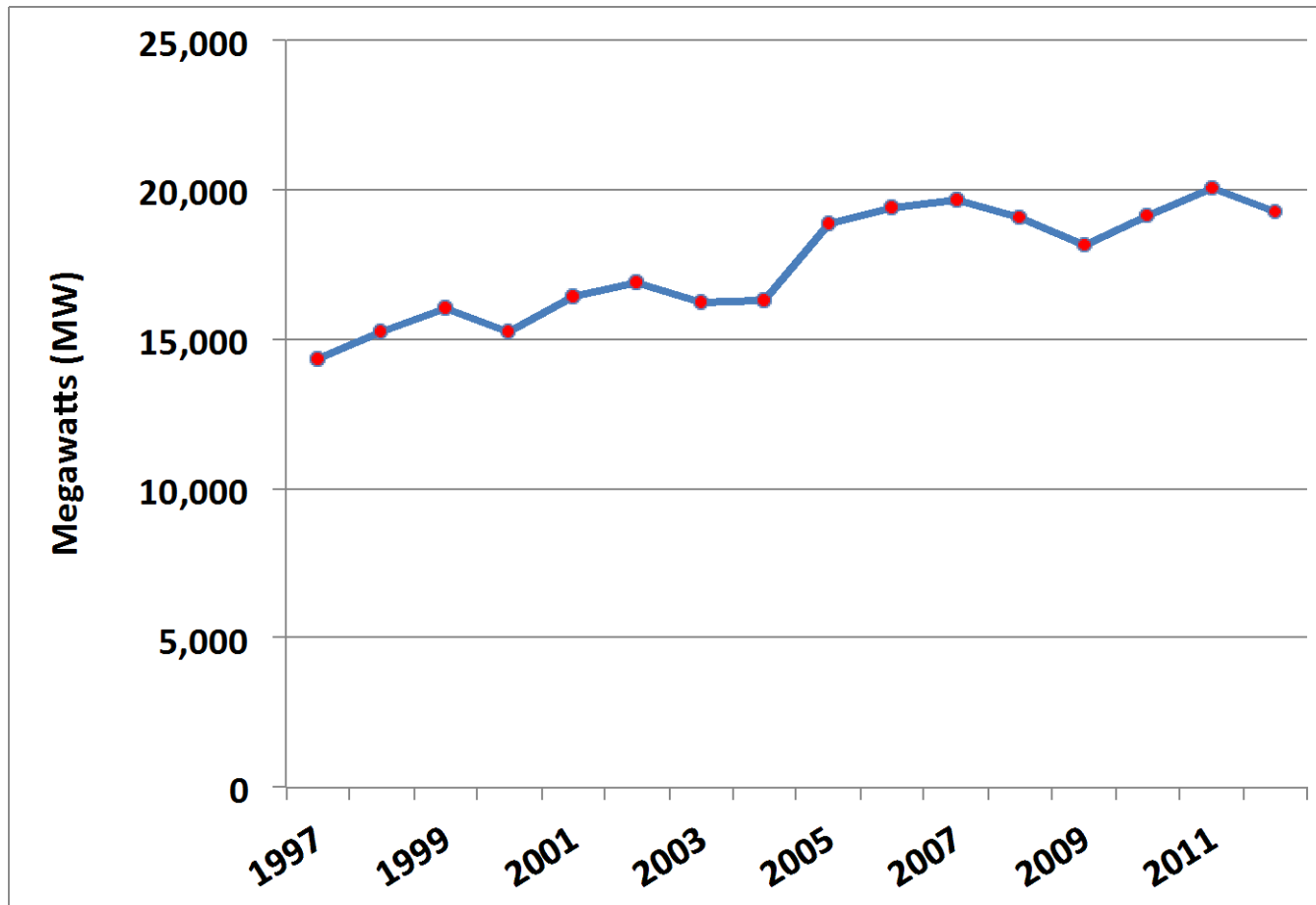
# Proposed Bills to Reduce CO<sub>2</sub> Emissions Submitted in U.S. Congress in 2006 & 2007



# Natural Gas Prices Collapsed in 2008, Making Coal the More Expensive Option



# Utility Loads Flattened by 2006-2008, Some Even Declined



# Lower Forecasts of Future Power Demands Meant Less Need for Proposed Plants

