

Renewable Energy Not a Threat to Grid, Draft of US Study Finds



Wind and solar power don't pose a significant threat to the reliability of the U.S. power grid, U.S. Department of Energy staff members said in a draft report, contradicting statements by their leader Rick Perry.

"The power system is more reliable today due to better planning, market discipline, and better operating rules and standards," according to a July draft of the study obtained by Bloomberg.

The findings — which are still under review by the department's leadership — contrast with Perry's arguments that "baseload" sources such as coal and nuclear power that provide constant power are jeopardized by Obama-era incentives for renewable energy, making the grid unreliable.

"I've asked the staff of the Department of Energy to undertake a critical review of regulatory burdens placed by the previous administration on baseload generators," Perry said last month. "Over the last several years, grid experts have expressed concern about the erosion of critical baseload resources."

Two people familiar with the report, who asked not to be identified discussing internal deliberations, confirmed the early conclusions though cautioned they were subject to change. It is customary for administration officials to put their own stamp on reports prepared by career staff at federal agencies

"Those statements as written are not in the current draft," Energy Department spokeswoman Shaylyn Hynes said. She wouldn't say they are incorrect, just the draft is "constantly evolving."

The report, which is overdue, could be released as soon as next week.

In April, Perry launched the grid study with an eye to examining whether policies that favor wind and solar energy are accelerating the retirement of coal and nuclear plants critical to ensuring reliable power supplies. With President Donald Trump pledging to reverse regulations that have harmed coal, the study was viewed by critics as a way the administration would justify curtailing the surging expansion of wind and solar power and provide help to coal plants.

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But the draft report concludes: "Grid operators are using technologies, standards and practices to assure that they can continue operating the grid reliably."

Plant Retirements

"Costly environmental regulations and subsidized renewable generation have exacerbated base-load power plant retirements," the draft says. "However, those factors played minor roles compared to the long-standing drop in electricity demand relative to previous expectation and years of low electric prices driven by high natural gas availability."

A separate, six-page draft outline prepared by Energy Department staff in May and also obtained by Bloomberg says that the aging coal and nuclear fleet is under stress from competitive electricity markets, weak demand and rising maintenance costs.

The career officials at the department found that energy efficiency, battery storage and demand response were helping the reliability of the grid, changing it from the way it had operated in the past, but not endangering the provision of electricity, the May draft showed.

Aging coal and nuclear plants have higher maintenance costs and are getting lower payments because of expiring contracts, making them less profitable, the May document says. The profitability of coal plants built in the 1970s and 1980s declined after electricity markets were opened to competition, it said.

Backers of the renewable industry said they were heartened that Perry tapped Alison Silverstein, a Texas consultant and former Federal Energy Regulatory Commission staffer who has championed energy efficiency, to play a key role in writing the study.

Tom Pyle, who led President Donald Trump's Energy Department transition team, was quick to tamp down expectations for the study, which has been watched closely by power producers and utilities.

"I think there has been way too much build up," he said in a phone interview. "The study has been built up to the point no matter what it says it is likely to disappoint everybody."