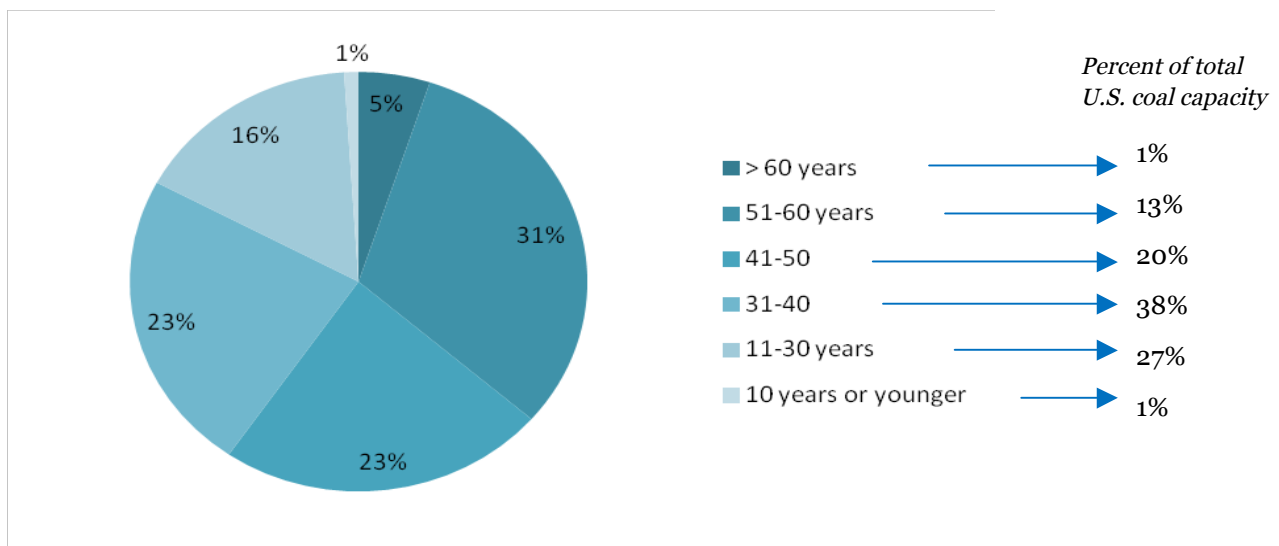


## Why are Old Coal Plants Retiring? *It's Just Business (NOT the EPA)*

Many utilities are making a business decision to shut down aging and inefficient coal plants. Some like to blame EPA. But that is the smallest part of the story. Here are the main reasons why they are making this decision:

### U.S. Coal Plants by Age



1. **Age** – as the chart above illustrates, fully 59% of coal fired power plants are over 40 years old, with many over 60 years old. According to former Senate Majority Leader George Mitchell, “In 1970, the [Clean Air Act] required that new sources meet tight emissions standards. At that time, it was assumed that electrical utility units had an average lifetime of 30 years.”<sup>i</sup>
  
2. **Competition from Natural Gas** – with increasing natural gas supplies and lower prices, the market is shifting to more efficient combined cycle natural gas generators over old, inefficient coal plants. One analyst states, “*Inexpensive natural gas is the biggest threat to coal. Nothing else even comes close.*”<sup>ii</sup>
  
3. **Low utilization** –the older units are often small, inefficient, and operated only part-time. From a business perspective, it is not cost effective to keep paying the fixed costs needed to maintain them for limited operation. Energy efficiency and

demand response programs are far more efficient ways of meeting these energy needs.

- 4. Health and the Environment** – it is not surprising that these old, inefficient power plants are also disproportionately higher emitters of pollutants, and often have not had modern pollution control equipment installed.

***Many factors contribute to the new utility investment cycle. Don't let plant owners use health protections as a scapegoat for retirements.***

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<sup>i</sup> 136 CONG. REC. 36,007, 36,035 (1990) (Exhibit I submitted by George J. Mitchell)

<sup>ii</sup> Rebecca Smith, Wall Street Journal. 12/23/2011. The coal age nears its end. Viewed at <http://online.wsj.com/article/SB10001424052970204464404577114642286810250.html> on 1/9/2012.