

# Stop the Insanity, Trump 2.0

By Steve Huntoon

Last week, I wrote about a couple of breathtakingly foolish executive orders. I ran out of breath before getting to a third executive order that is competitive in this category.



Steve Huntoon

*This one* commands the U.S. Department of Energy to develop a complete methodology/model of the electric power grid within 90 days and, among other things, prohibits the retirement of any generation resource deemed critical to regional system reliability. The DOE is required to analyze current and "anticipated" reserve margins by region. (Reserve margin meaning a surplus of electric supply over electric demand.) Let's think about this.

"Anticipated" electric demand will increase over time.

"Anticipated" electric supply will not increase over time because the prescribed methodology will "accredit" only generation resources that currently exist. This guarantees that anticipated reserve margins will be deemed deficient, thus mandating DOE orders under Section 202(c) of the Federal Power Act prohibiting virtually all generator retirements.

This phenomenon is illustrated by a NERC map (*Figure 2 on Page 8*) projecting that by 2034, the entire country except Texas, New England and Florida will be deficient. Again, this is caused by ignoring new generation.

Generators retire when they become uneconomic. The upshot of the executive order is to keep the uneconomic generators around, discouraging new economic generators from being built that would relieve the deficiency. So the reserve margin deficiency will never end. The perfect self-fulfilling prophecy!

If you're thinking you've seen this movie before, you're right! In Trump 1.0, the use of Section 202(c) was urged by coal magnate Robert Murray to help his coal sales by keeping uneconomic coal plants open. I wrote multiple columns discussing that insanity, such as *this one*.

To his credit, DOE Assistant Secretary Bruce Walker — a Trump appointee — *said back then*: "We would never use a 202 to stave off an economic issue [emphasis added]. That's not what it's for."

I guess "never" has a short lifespan these days. DOE was, of course, right in Trump 1.0.

Section 202(c) is for short-term true emergencies — not to keep uneconomic generators around. And any order is required to be "temporary," whereas these 202(c) orders would be the opposite of temporary. Did I mention the costs of subsidizing uneconomic generators, and the question of who should pay such subsidies?

Honorable mention for Trump 2.0 insanity goes to the Trump administration *ordering* that construction stop on a fully licensed wind project.

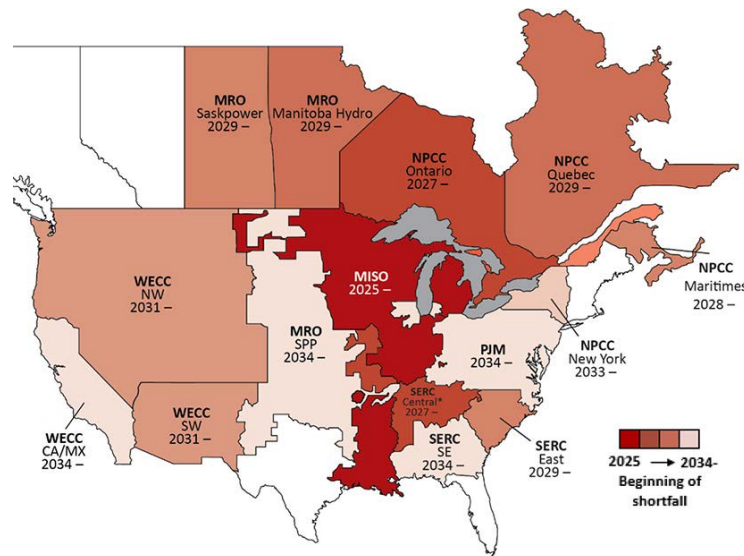
And another honorable mention goes to Trump's statement that pro bono resources extorted from law firms would be donated to the coal industry: "We're going to use some of those firms to work with you on your leasing and your other things."

Peabody Energy had not occurred to me as a worthy pro bono recipient, but what do I know?

What I do know is that the upshot of what I covered here and in the prior column is to create unprecedented uncertainty for the electric industry. Stability, transparency and the rule of law have been America's biggest competitive advantages for our industry and all others. Now we lose those.

Rational investments can't be made when:

- Fundamental elements of a regulatory construct may disappear next year, in



Projected reserve margin shortfall areas | NERC

five years or maybe never.

- Nobody knows who's really in charge of what.
- Uneconomic generation may be kept around and subsidized indefinitely.
- Past decisions might change on a whim and all decisions might be reversed on judicial review.
- Previously granted licenses/permits are effectively revoked on a whim.
- Resources are extorted from one industry to subsidize a favored segment of another industry.

The collapse of economic investment in our industry doesn't have winners and losers. Only losers. If you have a say in regulatory and legal policies for our industry, please don't be shy.

P.S. If you might indulge me an update about Kilmar Armando Abrego Garcia, the 4th U.S. Circuit Court of Appeals has said in an *order* authored by Judge J. Harvie Wilkinson, a conservative Reagan appointee: "The government is asserting a right to stash away residents of this country in foreign prisons without the semblance of due process that is the foundation of our constitutional order."

Huzzah! ■

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