



Lignite Coal and Resilience

The Lignite Energy Council supports the efforts of the Department of Energy (DOE) and the Federal Energy Regulatory Commission (FERC) to better **understand the value of resilient resources** to the electric grid. We believe there are **fundamental inequities across the electricity markets**. Baseload generators, including those fueled by affordable lignite coal, are not fully compensated for the reliability and resilience that their power plants provide.

As of August 2018, more than 115,000 MW of coal generating capacity has been retired, converted to another fuel or been slated for retirement by 2030. This represents nearly 40% of the U.S. coal fleet that was operating in 2010. While North Dakota has seen only one recent retirement of a coal-fueled power plant, which relied on Powder River Basin coal as opposed to lignite coal, this problem may only get worse: **over the next 5 years, 79 percent of anticipated capacity to be retired nationally is expected to be coal generation**. Although there are many reasons for these retirements, **coal generation is not appropriately and comparatively valued** for the reliable and resilient generation that it provides, compounding every other problem faced by coal generators.

As Congress, DOE and FERC consider solutions, the Lignite Energy Council urges consideration of the following principles:

- **Equivalent market rules** and penalties for all types of generating assets
- New **“baseload standby”** product compensation for assets that cannot come online and offline quickly, but are required to stay online to handle the day-to-day volatility of variable energy resources like wind and solar, and, as a result, incur financial losses.
- New **“ramp”** product compensation for assets that can provide the **needed energy-ramp** capability to handle the abrupt changes in variable energy resources
- Any rule to fully value reliable and resilient power for the services and benefits it provides should be available to **all regions and markets** and to plants subject to state or local **cost of service regulation**
- **Mine-mouth power plants** should be deemed in compliance with fuel supply requirements, since their available fuel supply is **not subject to transportation disruptions**
- Fuel supply stability should also be evaluated on **price stability**, since some fuel types experience wide swings in price which disrupts plant operation