



Lots of conservatives hate Trump's coal and nuclear bailout — that's a big political problem

Silvo Marcacci

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Conservative opposition to EPA Administrator Scott Pruitt has dominated headlines — losing stalwarts like Sen. Jim Inhofe (R-Okla.) and Laura Ingraham stings. However, the Trump administration's bigger political problem among conservatives could be its controversial proposal to spend billions on a coal and nuclear bailout.

After all, President Trump can simply fire Pruitt: problem solved. But enacting his bailout policy would roil U.S. power markets while alienating a growing number of conservatives and costing consumers billions during his re-election campaign — much tougher mistakes to fix.

It's no surprise environmental groups and clean energy groups are fighting Trump's bailout — it would keep coal, the dirtiest available electricity source, on life support. What's shocking here is the withering fire his bailout proposal drew from conservative media outlets, conservative analysts, and even Trump's conservative appointees.

“This has no intellectual basis by anybody beyond the third grade,” said Peter Van Doren of the Cato Institute. “If you can find anyone who's market-oriented or says they're conservative and supports this, they should turn in their badge.”

Conservatives are opposing the bailout's economic impacts, which could cost U.S. consumers at least \$11.8 billion annually according to Energy Innovation's analysis, or up to \$34 billion per year, according to the Nuclear Information and Resource Service.

Trump's bailout would hike consumer bills by guaranteeing payments to coal and nuclear plants that have either been shutting down or are in danger of closing because they cost more to run than renewable energy or natural gas, instead of letting utilities make their own decisions. Americans for Prosperity weighed in on that point via Twitter.

Those bailout billions would be unevenly distributed: In regional U.S. power markets, just five companies own the majority of uneconomic plants, and they'd get the overwhelming majority of federal subsidies.

"Mandating that grid operators buy more expensive coal and nuclear power would raise consumer prices and could reduce natural gas production that has been a boon to many states," wrote the Wall Street Journal editorial board.

Hiking power costs for businesses and consumers could inflict a grievous political injury. These billions in higher electricity costs would hit consumer pocketbooks in battleground states (Iowa, Pennsylvania, Ohio, Wisconsin, Michigan, Virginia) located within the affected U.S. power markets.

"It is a ridiculously bad idea. Its consequences will be bad for Trump and, in the long run, bad for coal as well," wrote the Washington Examiner editorial board. "This unprecedented government interference in energy markets will harm the economy under Trump's watch."

Trump's bailout merely postpones the inevitable energy sector evolution spurred by renewable energy and natural gas costs falling below coal and nuclear, which has made them the primary source of new U.S. power generation.

It's ironic to think a subsidy could undermine coal or nuclear generation, but industry rebound hopes are staked on next-generation technologies, not existing ones. Even conservatives in Wyoming, America's biggest coal-producing state, are alarmed.

"Instead of looking to coal's new future, the Trump Administration is seeking to prop up its past," wrote the Casper Star-Tribune editorial board. "This DOE potential directive is not a long-term solution. It's only prolonging the inevitable; and at what cost?"

Dictating payments to decades-old technologies kills competition, and without competition, the federal government's just picking winners and losers. Beyond costing billions to benefit a handful of companies, the bailout threatens to destroy U.S. power markets, which are designed to ensure reliable electricity supplies while encouraging newer, cheaper sources of generation.

"From an economic standpoint, this is one of the worst things you can do," said Nicholas Loris of the Heritage Foundation. "It would keep a whole bunch of uncompetitive resources in place and choke off alternative investment strategies because those resources aren't allowed to die off."

The Department of Energy cites 50 gigawatts of coal generation closures since 2008 as proof of looming blackouts, but Trump's Federal Energy Regulatory Commission (FERC) appointees disagreed in Senate testimony. "There is no immediate calamity or threat," said FERC Chairman Kevin McIntyre. In fact, federal subsidies could "blow up the markets" and "result in significant rate increases without any corresponding reliability, resilience or cybersecurity benefits," said FERC Commissioner Robert Powelson.

The administration's first coal and nuclear bailout attempt was unanimously rejected by FERC, despite four of five commissioners being appointed by Trump. Judging by the initial response,

the Trump administration's second coal and nuclear bailout attempt is being rejected by an even more important group — his conservative supporters.

“The policy under consideration by the Trump administration, while likely well-intentioned, simply has no good in it,” said Phillip Rosetti of the American Action Forum. “It is not conservative, it is not market-based, and it offers no benefit to the public. It should be abandoned.”

Proposing policies that risk wide-ranging lawsuits is problematic for any president, but this administration has shown it doesn't care about those typical concerns. But when even conservative groups and conservative media outlets agree with their liberal counterparts, Trump has a bigger problem — and a potential re-election wedge issue — on his hands.