So much wind energy is now being generated in the US that the emissions-free electricity-generating technology may seriously erode the nation’s nuclear power and coal sectors, the
Bloomberg news agency reported Monday.

Headlined “nuclear industry withers in US as wind pummels prices,” the story interviewed utility experts talking about the state of the American energy sector after the nation’s wind power industry grew by about $25 billion last year.

The story noted that a significant part of that growth occurred as wind-related companies made sure they would qualify for the Production Tax Credit (PTC), the industry’s main tax incentive, which was due to expire at end of 2012. The PTC has since been extended.

“The surge added a record 13,124 megawatts of wind turbines to the nation’s power grid, up 28% from 2011,” the story said. “The new wind farms increased financial pressure on traditional generators such as Dominion Resources Inc. and Exelon Corp. in their operating regions. That’s because wind energy undercut power prices already driven to 10-year-lows by an abundance of natural gas.”

The story quoted Howard Learner, Executive Director of the Chicago-based Environmental Law and Policy Center, as saying wind energy and natural gas are now more economic than nuclear power in the Midwestern electricity market.

It added that “the wind power boom has benefited consumers in regions where wind development is fastest, contributing to a 40% wholesale power-price plunge since 2008 in the Midwest, for example. Yet the surplus is creating havoc for nuclear power and coal generators that sell their output into short-term markets.”

As a result, the story said, Dominion is now shutting a money-losing reactor and selling coal plants, Exelon warns of shrinking nuclear margins and an Edison International merchant coal-plant unit has gone into bankruptcy.

“Pricing, already under pressure from cheap natural gas and the lingering effects of recession, now has a wind factor,” the story added.

Last month, Bloomberg New Energy Finance (BNEF) released an analysis that showed electricity produced by wind power in Australia is 14% cheaper than a new coal plant and 18% cheaper than a new gas plant.

“The perception that fossil fuels are cheap and renewables are expensive is now out of date,” Michael Liebreich, chief executive of BNEF, said in a press release. “The fact that wind power is now cheaper than coal and gas in a country with some of the world’s best fossil fuel resources shows that clean energy is a game changer which promises to turn the economics of power systems on its head.”

The BNEF analysis showed electricity can be supplied from a new Australian wind farm for €61/MWh compared to €109/MWh from a new coal plant or €89/MWh from a new gas plant.

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