

[First Look: White House Statement on Grid Resilience and National Security](#)

Escalates the Trump administration's efforts to bail out unprofitable coal and nuclear power plants by directing the Secretary of Energy to stop their retirement.

Updated last **June 6, 2018**



WHAT IT DOES

On June 1, 2018, the White House issued a [statement](#) directing the Department of Energy (DOE) and its secretary Rick Perry to halt closures of coal and nuclear power plants, stating that these closures would adversely affect national security. These statements come as the latest development in the Federal government's efforts to rescue aging coal and nuclear power plants that are no longer economically viable and set for retirement. These attempts include the DOE's 2017 Notice of Proposed Rulemaking to increase pricing and cost recovery for those plants, which was [rejected](#) by the Federal Energy Regulatory Commission (FERC) in January 2018.

The Trump administration's statement was preceded in the day by the leak of a [draft memorandum](#) from the DOE, which proposed propping up uncompetitive coal and nuclear power plants by guaranteeing electric sales from grid operators for two years until 2021. This was to be done under [Section 202\(c\) of the Federal Power Act](#) and the Cold War-era [Defense Production Act](#), which allows the DOE to identify and preserve Critical Defense Facilities served by [Defense Critical Electric Infrastructure](#), in this case coal and nuclear plants that have been outcompeted by low prices in natural gas and renewables. Given recent [cyberattacks on US electric utilities](#) and grid resources, the memorandum asserts that there is a greater need for fuel-secure energy generation, or coal and nuclear plants that can maintain physical stores of fuel on-site in case of emergencies. By framing grid resilience as a matter of national security, Section 202 allows the Federal government to [work around](#) market rates for electricity and provide financial support to these struggling plants.

The proposed emergency use of Section 202 to subsidize coal and nuclear plants is not entirely new, as the utility FirstEnergy Solutions [pitched the idea](#) to DOE in March 2018. However, Secretary Perry was previously reported to have [been lukewarm](#) on the request as it would involve the Federal government stepping into and [disrupting](#) competitive power markets. The most recent moves to bail out coal and nuclear plants have spurred opposition from a [broad range](#) of industry groups, including utilities, renewable energy companies, and the American Petroleum Institute.

RELATED POLICIES

[FERC Docket Nos. RM18-1-000 and AD18-7-000](#)

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ENERGY SUBCATEGORY

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