

Misguided Rush to Build Gas Power Plants

The current gas stampede ignores significant financial risks, long timelines, and serious competition from renewables.



KEY RISKS OF GAS-FIRED POWER

As energy demand increases across the United States, many utilities are looking to build gas-fired power generation to meet the need. However, the rush to gas overlooks major financial risks, ignoring affordable, deployable, and reliable renewable energy and battery storage, putting customers and investors at risk.

A growing issue for gas projects is the impact of the fuel's cost on the ultimate price paid by consumers for power. Utilities pass fuel costs directly through to consumers, which cancels out their financial risk. Customers are not as lucky. Weather and geopolitical events can both lead to significant spikes in electricity costs from gas-fired power plants. That volatility will continue to increase as the U.S. exports more liquefied natural gas (LNG). Similar spikes cannot be ruled out in the years ahead.

Additionally, these proposed projects won't be ready for years. Lengthy construction time frames could lead to additional consumer costs from continued supply chain tightness and competition for scarce trained labor.

ADVANTAGES OF RENEWABLE ENERGY

Wind and solar do not share gas' shortcomings. Their costs are not tracking gas' rapid upward climb:

- No fuel costs—ever
- Materials are readily available
- Faster deployment timelines

Paired with dispatchable battery storage, which continues to benefit from declining capital costs, renewables offer firm power and fixed costs on short timelines.

