

Investors shun coal, turning to cleaner energy

By Steven Mufson, Washington Post

The headline news for the coal industry in 2010 was what didn't happen: Construction did not begin on a single new coal-fired power plant in the United States for the second straight year.

This in a nation where a fleet of coal-fired plants generates nearly half the electricity used.

But a combination of low natural gas prices, shale gas discoveries, the economic slowdown and litigation by environmental groups has stopped – at least for now – groundbreaking on new ones.

“Coal is a dead man walkin’,” says Kevin Parker, global head of asset management and a member of the executive committee at Deutsche Bank. “Banks won't finance them. Insurance companies won't insure them. The EPA is coming after them. . . . And the economics to make it clean don't work.”

From 2000 to 2008, construction started on 20 units in 19 plants, according to Edison Electric Institute. Last year, utilities and power-generating companies dropped plans to build 38 coal plants while announcing that they would retire 48 aging, inefficient ones, according to the environmental group Sierra Club.

Although 2010 saw the collapse of climate legislation in the Senate, the Sierra Club is trumpeting such statistics as a sign that “coal is a fuel of the past.”

The battle over coal plants could sharpen in 2011, as the Environmental Protection Agency deploys regulations to improve

the efficiency – and lower the greenhouse gas emissions – of big power plants.

Read the whole story