



On Energy, Let's Stick With The Facts

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I've always been a firm believer that it's important to stick with the facts when debating a topic. Recently, I published an op-ed that ran in several West Virginia news outlets that discussed how the free market works, even in energy. The President of a single-industry advocacy organization responded with a different point of view in an op-ed published in WV News. That's fine – they represent the perspective of members in their industry. But it's important to review the facts, which is why I felt the need to set the record straight. Let's cut to the chase. This organization wants to mandate the use of a particular fuel source for power generation – even when it's more expensive and would cause your electric bill to go up.

The first thing is very simple. The West Virginia Chamber of Commerce represents industries across all sectors both big and small. Collectively, over half of the people employed in West Virginia work for a Chamber member. The West Virginia Chamber understands that market conditions are going to set your electricity rates by determining how to provide power in the cheapest and most efficient way possible. Requiring coal-fired power plants to run at a certain level all the time, as this group advocates, will cause fuel to be burnt even when it's not needed – raising your electricity prices. Right now the price of natural gas from the Henry Hub is approximately \$12 per MWh (Megawatt Hour) cheaper than Central Appalachian Coal. That's simply a fact – and it's an example of why gas this morning was supplying more than two and a half times the electricity on the grid that coal was.

The advocacy organizations claims that my assertion that gas is frequently cheaper than coal “relies on selective data, flawed comparisons, and a misunderstanding of how power systems actually work,” but fails to demonstrate why I am mistaken. Focusing on the price per MWh, as I have done, takes into account the actual cost of the fuel to generate electricity.

The regional energy market to which West Virginia belongs, PJM, is responsible for ensuring enough electricity is available on the grid to meet demand. Power demands fluctuate by the hour, so PJM works to ensure that the appropriate amount of energy is available for any given time – thus working to avoid unnecessarily using fuel and raising your electricity bill. Likewise, when power is needed, the cost of the fuel is a major driver in determining which energy sources are called upon first. This system protects ratepayers by optimizing generation costs in real-time.



As of Wednesday morning, the PJM generation mix was as follows:

- Total: 90,609 MW
- Gas: 32,281 MW / 35.6%
- Nuclear: 29,890 MW / 33.0%
- Coal: 12,358 MW / 13.6%
- Renewables: 13,645 MW / 15.1%

The key driver in PJM's decision-making is marginal cost – the cost to produce the next required unit of generation to meet demand. The costs per MWh, driven by the cost of the fuel as of August 2025 are:

- Natural Gas (Henry Hub pricing, August 2025): \$24.11 per MWh
- Central Appalachian Coal (August 2025): \$36.37 per MWh

This means electricity generated by coal is currently priced at nearly 50% more than electricity produced from natural gas in the competitive market. Those prices, however, do fluctuate. Sometimes coal is the least expensive option. In January of this year, much of the United States was subjected to extreme cold, and the price of natural gas per MWh jumped above coal, \$36.98 per MWh to \$35.45 per MWh. Because of that, the PJM fuel mix looked different. As an example, on January 23rd at 11:00am, coal was producing 32,379 MW of power on the grid. Given that PJM has a total 37,800 MW of coal generating capacity, that means that 86% of coal generation capacity was online and producing electricity. By comparison, only 60% of the natural gas generating capacity was being used. More coal-fired generation cleared the market that day than natural gas. That's the market rewarding the most-efficient, least-cost option just as it should.

It was also asserted that the reason our electricity prices are rising is because we are producing less power with coal now than in the past. That is correlation without causation. Right now, the United States – and our region – is undergoing significant grid upgrades. These upgrades to decades-old transmission systems are needed, but they are costly. There is also less supply with increased demand. Those are the reasons behind the increased electricity bills.

When coal prices are the most competitive in the PJM mix that's the fuel that should be – and is – used first. The West Virginia Chamber of Commerce is able to objectively look at the data and conclude that market-based solutions provide the most power at the lowest price.