

# Vistra to shutter two more coal-fired plants



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Oct. 13, 2017 | Updated: Oct. 13, 2017 11:18 p.m.



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Piles of coal are shown at NRG Energy's W.A. Parish Electric Generating Station Wednesday, March 16, 2011, in Thompsons, Texas. The plant, which operates natural gas and coal-fired units, is one of the largest power plants in the United States. The U.S. Environmental Protection Agency will begin regulating mercury emissions from coal-fired power plants for the first time, the latest in a string of new regulations that has Republicans bent on reining in the federal body. The new rules will have the greatest impact on Texas, home to more coal-fired power plants than any other state. (AP Photo)

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Texas' largest power generator plans to shutter three of the state's largest coal plants early next year, highlighting the continued decline of coal even as President Donald Trump tries to prop up the struggling industry.

Dallas-based Vistra Energy said the closure of its financially struggling Sandow plant near Austin and the Big Brown plant east of Waco, including their associated coal mines, will occur in January and February, respectively, eliminating about 650 jobs in the process. A week ago, Vistra said it would will close its Monticello coal plant in Northeast Texas in January and cut about 200 more jobs there.

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The planned shutdowns come just a few days after the Trump administration said it would repeal greenhouse gas regulations known as the Clean Power Plan that President Donald Trump and other Republicans have blamed for the decline in the coal industry. Vistra executives, however, blamed low electricity prices and competition from cleaner, lower-cost natural gas-fired plants and renewable energy sources, perhaps underscoring that the so-called war on coal may be more about economics than regulations.

Barely any of the state's more than 15 coal plants are turning a profit, according to power companies.

"The economics right now are dominating any political rhetoric," said Travis Miller, power and utilities analyst at the research firm Morningstar. "Coal plants just can't compete with renewable energy and natural gas, especially in Texas," which is by far the nation's biggest producer of wind power.

Wind accounts for more than 15 percent of the state's electricity. Coal, which once generated about half of the state's electricity, today accounts for just 30 percent.

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The three plant closings, if approved by the state's grid operator, the Electric Reliability Council of Texas, would relieve Vistra of unprofitable operations and could set the table for a much-rumored merger with Houston-based Dynegy, Miller said. Vistra and Dynegy declined to comment on such market speculation.

The shutdown of Sandow, which is 36 years old, and Big Brown, 46 years old, would eliminate a combined generating capacity of 2,300 megawatts, enough to power some 460,000 Texas homes on a hot summer day. The Monticello plant has a generating capacity of 1,800 megawatts.

ERCOT could veto the shutdowns if it believes the plant closures could undermine the reliability of the power grid next summer and beyond. Last year, ERCOT blocked the shutdown of an NRG power plant out of concern the power loss would compromise the grid's reliability.

"ERCOT has been anticipating some unit retirements, and we will continue to evaluate impacts to the system associated with the removal of these units," ERCOT spokeswoman Robbie Searcy said. "ERCOT will study whether these specific units are needed for transmission system reliability in their respective areas of the grid and will make those determinations by December."

Vistra, the legacy company of Texas power giant Energy Future Holdings, which declared bankruptcy in 2014, is the parent of power generator Luminant and the retail electricity provider TXU Energy.

Vistra emphasized that regulations had little to do with the closing decisions. They were driven by cheap natural gas, the result of the shale drilling revolution, and the influx of low-priced renewable power, boosted by federal tax credits and state transmission lines authorized and built under former Gov. Rick Perry, now Trump's energy secretary.

Vistra, meanwhile, has made its own bets against coal, last year buying two gas-fired plants in East Texas for \$1.6 billion from Florida-based NextEra Energy Resources.

"It is never easy to announce an action that has a significant impact on our people," said Curt Morgan, Vistra's chief executive. "Though the long-term economic viability of these plants has been in question for some time, our yearlong analysis indicates this announcement is now necessary."

Other coal-fired plants are scheduled to close in Texas. San Antonio's J.T. Deely plant is slated to shut down by the end of 2018, and Austin is shuttering at least part of the Fayette coal plant by 2022.

Others like the Gibbons Creek coal plant northwest of Houston in Anderson operate only during the summer months when they can make money.

If Vistra's three plants close, the company will have only two Texas coal plants left - the Oak Grove plant southeast of Waco and the state's second-largest coal plant, Martin Lake, near Longview.

Texas' biggest coal operation is NRG's W.A. Parish plant southwest of Houston that recently completed a \$1 billion carbon capture project to cut its emissions.

At least two other major coal plants are considered at risk, including NRG's Limestone plant and Dynegy's Coletto Creek facility. Both NRG and Dynegy said they're hoping the state tweaks its power market rules to benefit their struggling plants.

In Texas' deregulated market, the power companies rely on price spikes during hot summer days to help cover plant costs and earn profits. But the surge of electricity generated by natural gas plants, wind farms and, increasingly, solar panels has smoothed those spikes and slashed profits. Several merchant power companies have said they can no longer afford to invest in new power plants or maintain existing ones in Texas and called for the state to revamp its power market rules to allow them to benefit from higher prices.

Environmentalists, meanwhile, hailed the closing of the Vistra plants, which would reduce emissions of carbon dioxide and other pollutants. The Sierra Club estimated the shutdowns would cut greenhouse gas emissions by about 10 percent.

"This is more good news for clean air and the health of Texas families," said Luke Metzger, director of Environment Texas. "For decades, these power plants have pumped out dangerous pollution that has cost thousands of lives. Fortunately, clean energy is booming, and we don't need these old, dirty plants anymore."

**Ryan Maye Handy contributed to this article.**

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