

United States

G20 coal subsidies



The US federal government provides **no support** to transition away from coal, despite recent major coal power plant closures

Coal and the US's economy

US\$58,560



GDP per capita, PPP
(2016–2017 average)

5,206



2016 imports
(kilotonne oil equivalent)

36,207



2016 exports
(kilotonne oil equivalent)

31%



Share in power mix
(by generation)

Key findings

- The US provides over US\$1 billion per year in fiscal support for coal mining at federal level (2016–2017 average), split between tax expenditures that benefit coal mining companies and research and development spending via the Department of Energy's Office of Fossil Energy.
- Support for consumption of coal and coal-fired electricity is mainly provided at state level, accounting for over US\$718 million in fiscal support (2016–2017 average).

Prominence of fossil fuels and subsidy phase-out commitments

- The Trump Administration has moved to repeal the Clean Power Plan which aimed to accelerate the US transition away from coal-fired power plants.
- Despite this, and other federal policy efforts to further subsidise coal-fired power, more coal-fired power plants were retired in the first two years of the Trump Administration than in the first Obama Administration, driven by both market forces and local opposition (DiSavino, 2019). 2018 saw the closure of 14.5 gigawatts (GW) of coal-fired generating capacity. In March 2019, a bid to keep the 2.4 GW Navajo Generating Station operating failed, so it will close (Randazzo and Smith, 2019).
- Coal accounted for 31% of US electricity generation in 2016, with all fossil fuels totalling 65% (IEA, 2019).
- As a member of the G20, the US has committed to phase out inefficient fossil fuel subsidies over the medium term (as agreed in 2009), and as a G7 member to do so with a 2025 deadline (G20, 2009; G7, 2016).

Government support to coal production

- Our analysis has identified over US\$1 billion of subsidies to coal production per year (2016–2017 average), provided through tax exemptions and budgetary contributions. But some

- of the largest subsidies to coal production in the US are not reflected in these findings, as they are difficult to quantify and absent from the Organisation for Economic Co-operation and Development (OECD) Inventory of Support Measures for Fossil Fuels – the source used in this analysis to allow for comparability between countries. However, other analyses estimate many of these subsidies (Redman, 2017).
- For example, the Powder River Basin – one of the main US coal-production regions and among the biggest in the world – is not currently designated a ‘coal-producing region’. This has contributed to a lack of management of the resource, and a lack of competition for leases, resulting in low bid prices. Some estimates assess the value of this de facto subsidy alone to be nearly US\$1 billion annually (Sanzillo, 2012).

Government support to coal-fired power production

- Some federal government efforts to further subsidise coal-fired power production have failed as a result of pushback from regulators or the judiciary. For example, in 2017 Secretary of Energy Rick Perry proposed subsidisation of coal-fired power plants, arguing that the reliability of facilities that keep more than 90 days of fuel on site was undervalued by the market. However, this was rejected by the Federal Energy Regulatory Commission (Bade, 2018).
- New state-level efforts to prevent coal-fired power plants from closing emerged in 2018 and 2019. For example, a bill signed by Wyoming’s governor in March 2019 will force any utility selling a coal-fired power plant to continue purchasing the electricity generated by that plant from the new owner, even if less expensive sources of electricity are available. These costs would be passed on to ratepayers, and one economist has estimated that this could increase the average household electricity bill in the state by US\$1,000 annually (Scott, 2019).

Government support to coal and coal-fired power consumption

- The bulk of support for coal-fired power consumption is in the form of state-level consumption subsidies to electricity used by households. This represents coal’s share in the total amount of subsidies that are provided to electricity consumption (for all fossil fuel-based electricity). Our analysis estimates US\$718 million per year of support benefiting coal and coal-fired power consumption (2016–2017 average).

Government support to the transition away from coal and coal-fired power

- No federal-level government support to the transition away from coal or coal-fired power was identified.

The US’s government support to coal and coal-fired power production and consumption

US\$ millions, 2016–2017 annual average

Instrument	Coal production ⁱ	Coal-fired power	Coal consumption ⁱⁱ	Transition support ⁱⁱⁱ
Fiscal support (budgetary transfers and tax exemptions)	1,057	173	718	none identified
Public finance	11	none identified	none identified	none identified
Domestic	none identified	–	–	–
International	11	–	–	–
State-owned enterprise investment	none identified	none identified	none identified	none identified

Note: for more detail and sources see the US data sheet available at odi.org/g20-coal-subsidies/us.

ⁱ This category includes support for coal exploration, mining, processing and transportation.

ⁱⁱ This category includes support for consumption of coal-fired power, and of coal other than for its use for coal-fired power generation (or for co-generation of power and heat).

ⁱⁱⁱ This category includes support for closing down mining sites, and for workers and communities in their transition away from coal and coal-fired power.

References

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This country study is one in an 18-part series. The country findings are collated in the summary report, which you can find at odi.org/g20-coal-subsidies along with full references, acknowledgements and further information about methodology and data sources.

Unreferenced information in this summary is from the analysis conducted for this report, available in the US data sheet at odi.org/g20-coal-subsidies/us.

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