



March 31, 2025

President Donald J. Trump  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

President Trump,

Congratulations on your re-election as President of the United States of America and a very successful start to the administration.

As the leader of East Kentucky Power Cooperative (EKPC), which is responsible for providing electricity for the homes of 1.1 million rural Kentucky residents and businesses, I welcome your pledge to unleash America's energy resources. Those of us who have worked in the power industry for decades have watched with growing concern the steady erosion of the nation's reliable power plant capacity. The decline has been driven in large part by government policies that force rising costs and create roadblocks to building and operating reliable, dispatchable 24/7 power plants.

I wrote seven letters to President Biden providing my views on the increasingly alarming impact government regulations are having on the cost and reliability of America's energy supply. I received no meaningful response. You can download those letters at <https://togetherwesaveky.com/your-cooperative-is-fighting-to-keep-costs-affordable/>. I hope they will help your administration appreciate some of the challenges confronting power plant owners as you implement policies to unleash America's energy supply.

I write to seek your support to ensure the regional electric grid called PJM Interconnection (PJM), of which my electric cooperative is part, continues to be reliable and staves off the detrimental federal and state policies that undermine reliability and affordability. In particular, I seek your administration's support:

- Develop greater long term policy certainty so America's energy providers can better plan for the future as we invest billions of dollars to power the nation's economy by helping to persuade Congress to codify some of the regulatory changes your administration is implementing at the U.S. EPA.
- Prevent harm caused by inappropriate state intervention in the federally regulated electricity markets administered by PJM.

## EPA regulations

Your administration's approach to regulating America's energy providers is a welcome change that promises to bolster the reliability of the nation's electric grid.

The Biden administration's regulations targeted reliable power plants for premature retirement, forcing unnecessary costs on consumers and jeopardizing reliability.<sup>1</sup> When the EPA imposed this onslaught of new regulations, it was branded "unlawful, unrealistic and unachievable" by Jim Matheson, who leads the National Rural Electric Cooperative Association.<sup>2</sup> I agree with Jim whole-heartedly. In fact, I testified to that effect before the Federal Energy Regulatory Commission (FERC) in 2023. Unfortunately, I fear our concerns fell on deaf ears.

The capstone on EPA's regulatory assault is the Greenhouse Gas Rule that effectively forces coal plants to close in the early 2030s unless owners invest billions of dollars to separate and store carbon dioxide emissions. This carbon capture and storage scheme is based on technology that is commercially unproven at the scale of a typical coal plant. EKPC estimates retrofitting just one of its two coal-fueled power plants with the equipment necessary to separate and store CO<sub>2</sub> would cost \$10.7 billion, nearly triple EKPC's current book value. Clearly, this is an absurd waste of resources.

This is a clear example—and not the only one—of the EPA over-reaching its regulatory authority, using the facade of extremely expensive "compliance paths" to effectively drive coal plants into retirement. They have been very successful. In 2005, coal provided 313 gigawatts of power plant capacity in the U.S. By 2023, it was down to 181 gigawatts.<sup>3</sup> Today, no new coal-fueled generating units are being built in the U.S. This is largely the result of increasingly stringent government regulations raising the costs and risks associated with coal, and no long-term federal energy policy.

Meanwhile, government policies have also incentivized renewable resources that otherwise would be uneconomic. The proliferation of renewable generation resources has created an unjustified sense of confidence in America's grid reliability. In my letters to President Biden, I detailed the numerous compelling reasons why the reliability of 1 megawatt (MW) of wind or solar capacity is much different than the reliability of 1 MW of fossil-fueled capacity. Renewables depend fundamentally on the wind to blow and the sun to shine, and those factors cannot be controlled. Coal, on the other hand, can be stockpiled on-site at power plants, with weeks or even months of fuel readily available. Natural gas and nuclear also are reliable fuel sources. A diversified generation portfolio for the U.S. is imperative.

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<sup>1</sup> U.S. Environmental Protection Agency. April 25, 2024. "Biden-Harris Administration Finalizes Suite of Standards to Reduce Pollution from Fossil Fuel-Fired Power Plants." Downloaded 2/19/25 from <https://www.epa.gov/newsreleases/biden-harris-administration-finalizes-suite-standards-reduce-pollution-fossil-fuel#:~:text=The%20suite%20of%20final%20rules,percent%20of%20their%20carbon%20pollution.>

<sup>2</sup> National Rural Electric Cooperative Association. April 26, 2024. "'Unlawful, Unrealistic, Unachievable': EPA Releases 'Barrage' of Power Plant Rules." Downloaded 2/19/25 from <https://www.electric.coop/unlawful-unrealistic-unachievable-epa-releases-barrage-of-power-plant-rules>

<sup>3</sup> U.S. Energy Information Agency. July 16, 2024. "Electricity explained." Downloaded 2/19/25 from <https://www.eia.gov/energyexplained/electricity/electricity-in-the-us-generation-capacity-and-sales.php>

It is reassuring that you and your administration take seriously this looming energy crisis and you are willing to take concrete steps to unleash America's reliable energy supply. These efforts should be sustained over a sufficient amount of time to foster needed investment in America's generation and transmission grid. To that end, EKPC is prepared to assist as appropriate in urging Congress to take action to permanently codify changes that provide greater policy certainty.

### **State interference in regional grid operations of PJM**

EKPC is a member of PJM Interconnection, which coordinates wholesale electricity for 13 states and the District of Columbia. PJM's electric capacity market is intended to ensure sufficient power plant capacity will be available to keep power flowing in the region at all times, especially during periods of high demand, such as January's extended period of extreme cold temperatures. Last July, PJM conducted its annual auction for capacity to be delivered in 2025/26. The auction resulted in much higher prices than in previous years. "The significantly higher prices in this auction confirm our concerns that the supply/demand balance is tightening across the RTO," PJM's President and CEO Manu Asthana said soon after the capacity auction concluded. "The market is sending a price signal that should incent investment in resources."<sup>4</sup>

Mr. Asthana was—and remains—correct.

Unfortunately, some state governors are using their political influence in an attempt to manipulate markets, casting uncertainty on price signals that otherwise would support necessary investments by power plant owners. Led by Gov. Josh Shapiro of Pennsylvania, the governors of Delaware, Illinois, New Jersey and Maryland are seeking to undermine supply/demand fundamentals in the nation's largest wholesale electricity market by applying political pressure to artificially suppress market prices. Their proposal – which is currently pending before FERC and which EKPC opposes – discourages investment in reliable 24/7 generators, leading to heightened risk of rolling blackouts while also driving up prices over the long term.

In late 2024, Gov. Shapiro filed a complaint with FERC,<sup>5</sup> claiming PJM's auction resulted in "unnecessary costs" for consumers and seeking to impose a cap on the possible clearing price for years when PJM indicated that it is facing reliability concerns.<sup>6</sup> Shapiro's complaint got the support of the governors of Delaware, Illinois, New Jersey and Maryland. All of these states have implemented policies that sought to shut down dependable dispatchable power generation and simultaneously encourage dependence on others in the PJM region to supply their power needs. It is no surprise that this policy benefited them when the wholesale prices were low during times of ample supply. Similarly, it is no surprise that market

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<sup>4</sup> PJM Interconnection. "PJM Capacity Auction Procures Sufficient Resources To Meet RTO Reliability Requirement." July 30, 2024. <https://insidelines.pjm.com/pjm-capacity-auction-procures-sufficient-resources-to-meet-rto-reliability-requirement>

<sup>5</sup> Federal Energy Regulatory Commission. Gov. Josh Shapiro and the Commonwealth of Pennsylvania, complainants, v. PJM Interconnection LLC. Docket # EL25-46.

<sup>6</sup> PJM Interconnection. "PJM Board Letter Outlining Support for Upcoming Interconnection and Capacity Market Filings." Dec. 9, 2024. <https://www.pjm.com/-/media/DotCom/about-pjm/who-we-are/public-disclosures/2024/20241209-board-letter-outlining-action-on-capacity-market-adjustments-rri-and-sis.pdf>

prices increase when available supply decreases. That is Economics 101. Their call to cap the market while continuing to lean on that same market is certainly convenient – yet utterly irresponsible. It is likely to lead to a chilling of the needed investment at a time when the region is facing unprecedented growth due to data centers to support artificial intelligence.

Just days after Shapiro filed his complaint, PJM filed with FERC a proposed “settlement” that will cap the clearing prices 35% lower than what supply/demand fundamentals would have. This proposal was negotiated behind closed doors and circumvented PJM’s normal stakeholder review process, so EKPC did not get an opportunity to provide feedback prior to the filing. Moreover, the political interference has chilled the majority of voices who are not supportive of this change.

PJM’s actions are both perplexing and distressing. Its own long-term forecast for the next 20 years shows demand for electricity in the region could outstrip electric-generating capacity as early as 2026.<sup>7</sup> In fact, PJM’s Board of Managers has directed efforts “to bring capacity online more expeditiously and make sure price signals accurately reflect supply-demand fundamentals.”<sup>8</sup>

But arbitrarily deflating prices by lowering PJM’s capacity price cap undermines market fundamentals while doing absolutely nothing to fix the problem at hand. This will undermine confidence in markets. If power plant owners and developers cannot trust market results, they will think twice about making the large investments necessary to revive grid reliability and support industrial and data center development. The delay will heighten the risk of rolling blackouts; when the crisis finally hits, prices are likely to be driven even higher.

Gov. Shapiro clearly is focused on garnering headlines. He has issued press releases about lowering his constituents’ bills,<sup>9</sup> but he is doing nothing to ensure adequate electric-generating capacity to keep his constituents’ lights—and heat and air-conditioning—operating during the most critical times. In fact, he and his allied governors are doing the opposite of ensuring reliability. Pennsylvania, Maryland and Delaware are members of the Regional Greenhouse Gas Initiative (RGGI). This cap-and-tax scheme drives up operating costs for fossil-based power plants, making them less competitive in energy markets and providing strong disincentives for developers. Illinois, Maryland and New Jersey have pursued aggressive sustainability goals. Illinois has a target to get half of its electricity from renewables by 2040. And although Illinois has 15% of the nation’s economically recoverable coal reserves, it shut down 9 GW of coal plant capacity between 2009 and 2023. Maryland requires 50% of electricity to come from renewables by 2030. Meanwhile Maryland consumes nearly six times more energy than it produces. New Jersey’s legislature also requires half of that state’s electricity to come from renewables by 2030,

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<sup>7</sup> PJM Interconnection. “2025 PJM Long-Term Load Forecast Report.” Jan. 24, 2025. <https://www.pjm.com/-/media/DotCom/library/reports-notices/load-forecast/2025-load-report.pdf>

<sup>8</sup> PJM Interconnection. “2025 Long-Term Load Forecast Report Predicts Significant Increase in Electricity Demand.” Jan. 30, 2025. <https://insidelines.pjm.com/2025-long-term-load-forecast-report-predicts-significant-increase-in-electricity-demand>

<sup>9</sup> Commonwealth of Pennsylvania web site. “Press release: Governor Josh Shapiro Reaches Agreement with PJM to Prevent Unnecessary Price Hikes and Save Consumers Over \$21 Billion on Utility Bills.” Jan. 28, 2025. Downloaded from <https://www.pa.gov/governor/newsroom/2025-press-releases/gov-shapiro-agreement-pjm-prevent-price-hikes-save-consumers-ove.html>

and 100% by 2050. Both New Jersey and Maryland require a portion of the renewables to come from off-shore wind.<sup>10</sup>

Like federal environmental regulators of the prior administration, these states are pursuing policies that hamper the ability of power plant owners to provide dependable power supply. These governors are limiting the competitiveness of dispatchable power plants within their own borders; meanwhile, they also are taking advantage of reliable power plants in other PJM states to keep their own lights on when electricity demand is high. Effectively, they are shifting the cost of reliable power plants onto states with responsible energy policies, and raising the risk of rolling blackouts for everybody within PJM.

Like you, Kentucky's leaders have recognized the fundamental value of maintaining abundant energy supplies to ensure the safety and prosperity of residents, along with a strong economy. Our state legislative leaders have made it Kentucky's policy to require utilities to maintain sufficient reliable, dispatchable power plant capacity to serve homes and businesses. As we plan for the future, EKPC is not "leaning on the market" to provide power when demand is high. We are planning to invest more than \$2 billion in our fossil fleet, including a new 745-megawatt generating unit to meet growing demand for electricity, even as we add renewable capacity. We are taking responsibility for having reliable resources to generate electricity for the people and businesses that depend on us 24/7/365.

The proposed settlement before FERC means customers in Kentucky and other responsible states would subsidize reliable electric service in activist states. Because Kentucky has acted responsibly, we have no desire to subsidize reliable electric service elsewhere, nor do we wish to share in the rolling blackouts that are likely to result. I appreciate any assistance your administration can provide to prevent these outcomes.

As EKPC and other power providers prepare to make major investments in the nation's electricity grid, it is vital that EKPC and other energy providers have a reasonable degree of certainty and predictability about future policies and regulations. EKPC is a member-owned, not-for-profit cooperative. Any future added costs that result from unforeseeable shifts in government policies will be borne by the people and the businesses we serve. It is in their interests that we advocate for long-term predictability. Please help us gain a stronger degree of predictability for these important investments.

Thank you for your efforts to ensure reliable electric supply for America's homes and businesses. Again, EKPC stands ready to be a productive partner in making sure that all of America's energy needs are met.

Sincerely,



Anthony "Tony" Campbell  
President & CEO

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<sup>10</sup> U.S. Energy Information Administration web site. "U.S. States, State Profiles and Energy Estimates." Landing page at <https://www.eia.gov/state/>. Data accessed from each state's profile and analysis pages.

CC: Vice President J.D. Vance  
U.S. Energy Secretary Chris Wright  
U.S. Interior Secretary Doug Burgum, Chairman, National Energy Dominance Council  
U.S. EPA Administrator Lee Zeldin  
Director Kevin Hassett, National Economic Council  
U.S. Senator Mitch McConnell  
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