

Only Minor Shifts in the 2018 Cooperative Retail Fuel Mix

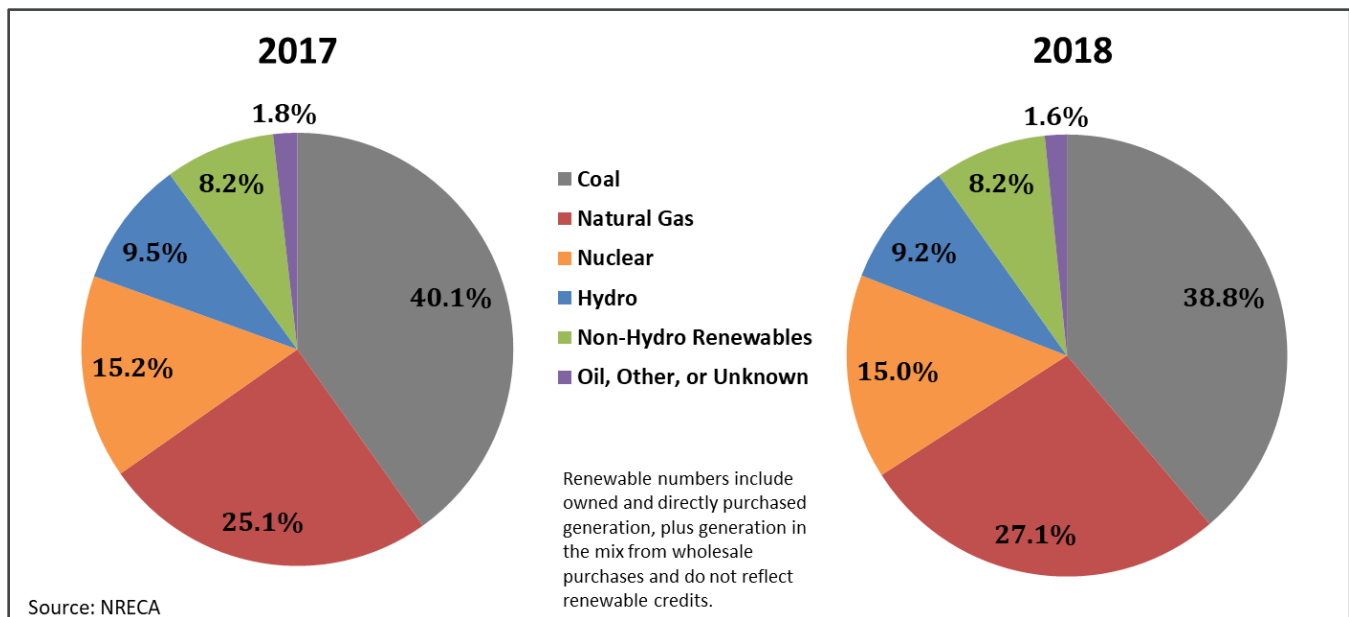
Key Findings

- Co-op retail sales increased by more than 7% in 2018 due to impacts of extreme weather.
- Coal remains the largest source of co-op electricity, but for the first time was below 40%.
- Natural gas' share of the co-op fuel mix increased to a new high of over 27%.

What has changed?

NRECA's analysis of the 2018 electric cooperative retail fuel mix, a blended estimate of co-op owned generation and power purchases, shows that there were only minor shifts from 2017 to 2018. Driven by extreme weather, co-op¹ retail sales increased more than 7% over 2017 to reach 567 million MWh. While generation (MWh) from most energy sources increased to meet higher demand, higher sales meant that some of their shares shrunk relative to others, but generally the mix evolved consistent with national trends with natural gas generation ramping up to meet higher demand.

Figure 1: Cooperative Retail Electric Fuel Mix, 2017 and 2018



¹ Including public power districts and other distribution utilities that are members of NRECA.

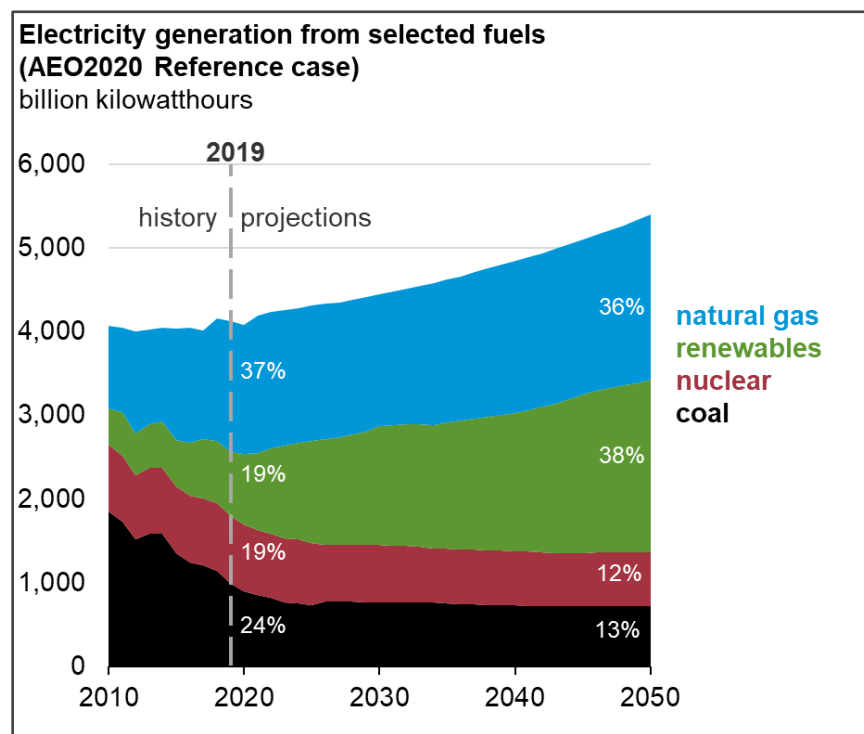
What is the impact on cooperatives?

While coal remains the largest source of co-op electricity, its share has been diminishing since 2014, when it made up more than half (54%) of the co-op fuel mix. In 2018, coal's share was about 39%, the first time it has fallen below 40%. Natural gas has cemented its role as the second largest source, reaching a new high of over 27%. Very high electric co-op retail sales meant that while non-hydro renewables grew significantly in generation (MWh) terms, their share remained the same at just over 8%, while coal, hydro and nuclear saw their share erode slightly with mostly flat generation.

What do cooperatives need to know or do about it?

Two major fundamental trends, historically low natural gas prices and growth in renewable generation, have driven the shift away from coal both nationwide and within the co-op sector. According to EIA's Annual Energy Outlook 2020,² these trends are expected to continue. EIA projects that natural gas and renewables will steadily increase their role in the national fuel mix, putting pressure on existing coal and nuclear generators to remain cost competitive, impacting both co-op owned and purchased generating resources.

**Figure 2: EIA Annual Energy Outlook 2020
Reference Case Generation Projections by Fuel Type**



Contacts for Questions

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² EIA's Annual Energy Outlook 2020 can be found here <https://www.eia.gov/outlooks/aeo/>.