Utility Update

Rail Energy Transportation Advisory Committee | Surface Transportation Board

10/27/2026

Presented on behalf of RETAC utility members | Matthew Farr, Sr. Manager, Fuel Supply & Delivery at TVA

KEY MESSAGES

Service is strong, the coal fleet is staying longer, and unknowns call for more information sharing

–48%

Significant performance improvement year over year

Coal unit trains held per day across Class I railroads fell from 13.7 (Jan–early Oct 2025) to 7.1 (same period 2026). Crew- and locomotive-related holds are the lowest since STB reporting began in 2017.

~100 GW

The coal fleet is staying longer, but burning less predictably

EPA now projects ~100 GW of coal active in 2040 (vs. ~40 GW projected in 2024). Yet EIA still forecasts power-sector coal burn down 8% in 2026.

Transparency

Uncertainty is best worked through together

Questions remain for near-term and long-term demand growth, the role which coal will play in closing the capacity gap, and how successfully coal units will run when dispatched. Shared success depends on radical transparency from the entire supply chain.

Source: STB EP 724 railroad service data (via USDA AgTransport), through week ending 10/9/2026; EPA, 91 FR 58954 (9/17/2026); EIA STEO (Sept 2026).

DEMAND

Electricity demand is at a record, while coal's share of generation keeps shrinking

4,135 BkWh

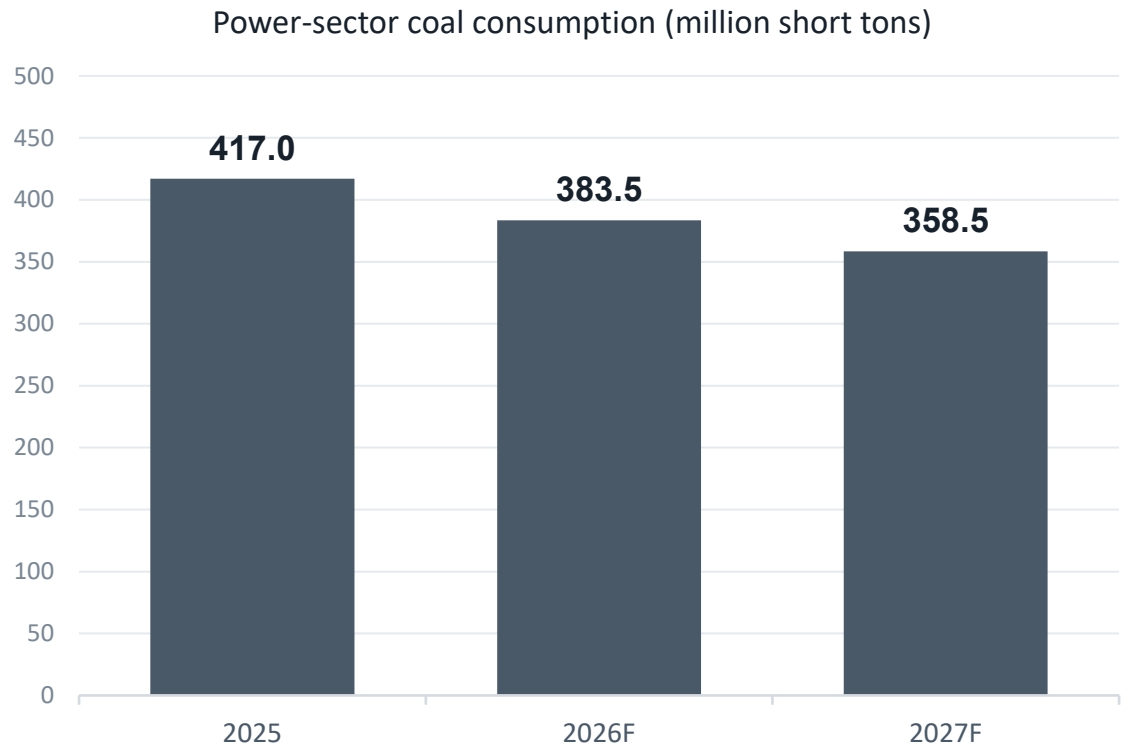
Record U.S. electricity sales forecast for 2026, rising to 4,211 BkWh in 2027 on data centers and manufacturing (EIA)

+224 GW

NERC's 10-year summer peak demand growth, 69% above the prior year's projection; winter peak +245 GW

13 of 23

NERC assessment areas facing resource-adequacy challenges over the next 10 years



Coal share of U.S. generation: 17% (2025) → 16% (2026F) → 14% (2027F)

Source: EIA Short-Term Energy Outlook, Sept 2026 (Table 6; press release 9/9/2026); NERC 2025 Long-Term Reliability Assessment (Jan 2026).

RATEPAYER PROTECTION PLEDGE

The Ratepayer Protection Pledge shifts the cost of new supply to the data centers that need it

Mar 4, 2026

Signed by Amazon, Google, Meta, Microsoft, OpenAI, Oracle and xAI

Jul 21, 2026

House Energy & Commerce advances the Ratepayer Protection Act (H.R. 9340), 52–0; full House passes it 417–3 on Sep 16

Jul 23, 2026

Expanded to 187 utilities, co-ops and developers plus 23 governors; EEI cites existing “fair share” agreements

The five commitments

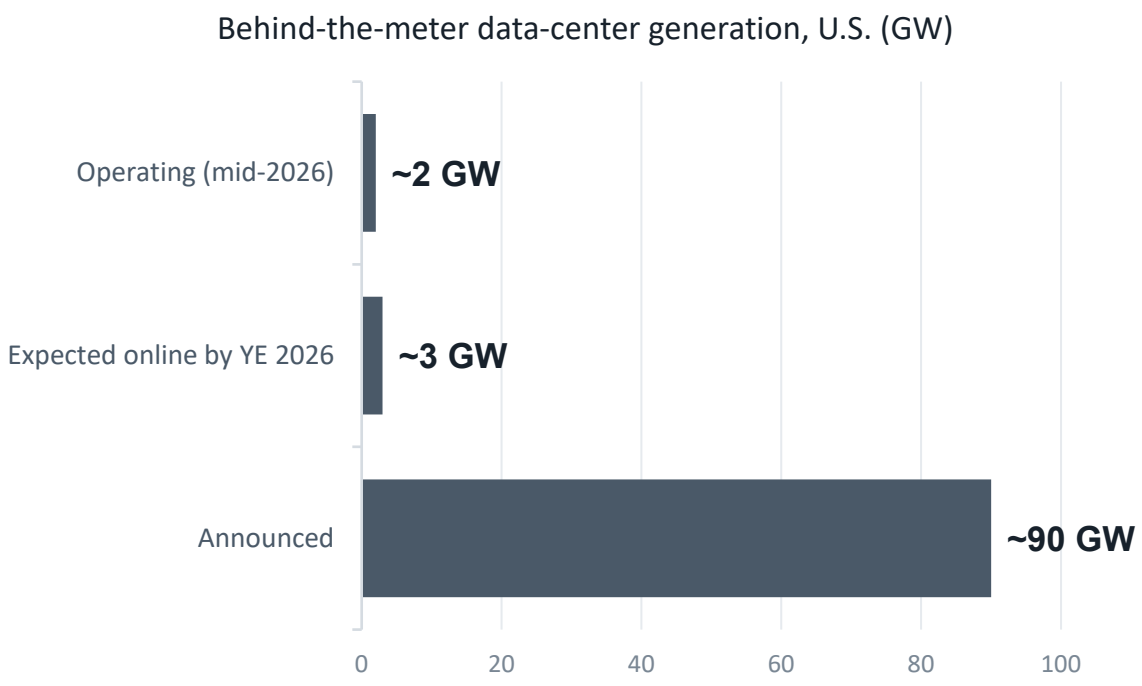
1. **Build, bring, or buy new power supply**
   Full cost of new generation for new demand
2. **Pay for delivery infrastructure upgrades**
   Including network upgrade costs
3. **Pay whether they use the power or not**
   Separate rate structures negotiated with utilities
4. **Invest in local jobs and workforce**
   Hire locally; build skills programs
5. **Contribute to grid resilience**
   Make backup generation available at times of scarcity

Why it matters: “Buy” can mean contracting existing coal capacity. Hallador’s 12-year, $1B+ Merom capacity agreement (2028–2040) is tied in Indiana filings to Google and Amazon data centers. Long, firm contracts can give fuel and rail planning longer visibility and de-risks investment needed to keep generation assets reliable.

Source: White House, Ratepayer Protection Pledge (3/4/2026) and 91 FR (3/9/2026); EEI statement (7/23/2026); POWER (7/2026) on H.R. 9340; House Roll Call 312 (9/16/2026); Hallador Energy 8-K (5/6/2026); Latitude Media (5/2026).

DATA CENTERS

Behind-the-meter generation is mostly announced, not built, and nearly all of it is gas



~59 data centers; more than 25% of all planned U.S. data-center capacity. Fuel: natural gas (aeroderivative turbines, reciprocating engines, mobile gensets).

NEAR-TERM (2026–27)

Limited direct effect on coal

Only ~2 GW is operating today (~3 GW by year-end). Most new data-center load still lands on the grid, which supports keeping existing coal units available and dispatching them at peak.

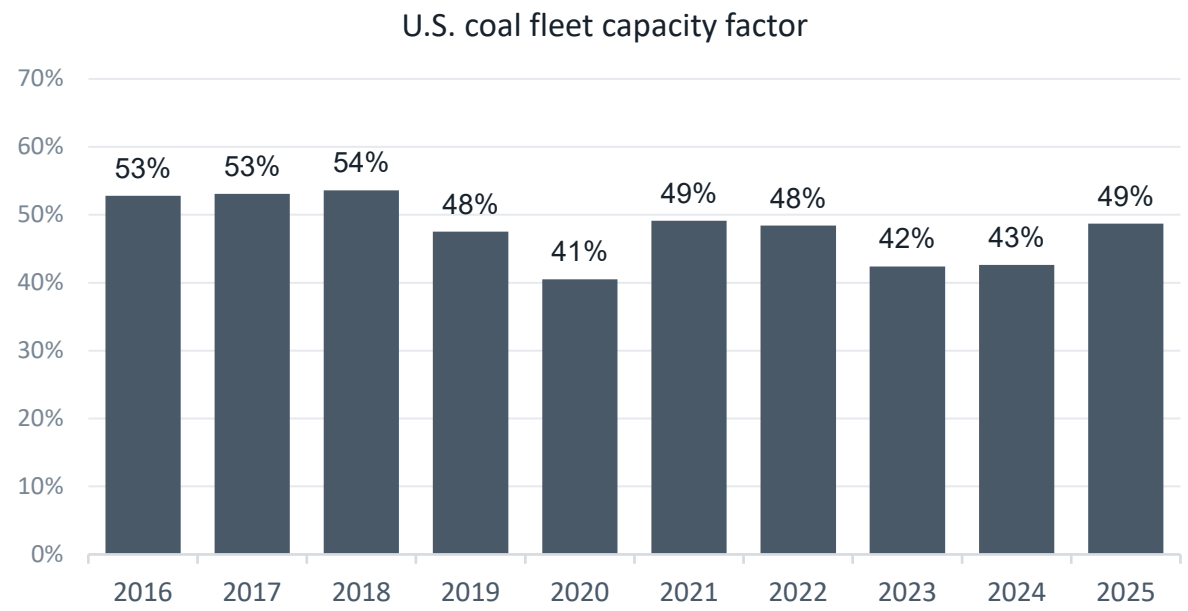
LONG-TERM

Cuts both ways?

Load served behind the meter bypasses the grid and never calls on coal. But added gas demand could firm gas prices and improve coal's dispatch position. Turbine backlogs slow the build-out: GE Vernova at 116 GW of backlog and reservations (Q2 2026), Siemens Energy at 69 GW.

Source: Cleanview, Behind-the-Meter Data Centers (mid-2026); GE Vernova Q2 2026 results (8-K, 7/22/2026); Utility Dive on Siemens Energy backlog (2026).

The existing coal fleet is the fastest firm resource available: keep it, and run it



Peak months already run ~61–63%. The headroom is in spring and fall.

KEEP IT | CAPACITY

- TVA deferred Kingston and Cumberland retirements (~3.9 GW, Feb 2026)
- Southern Co. (Daniel, Bowen, Scherer) and Evergy (~2.8 GW) seeking extensions
- EPA now projects ~100 GW of coal active in 2040, vs. ~40 GW projected in 2024

RUN IT | ENERGY

Each +1 point of fleet capacity factor ≈ **14 TWh and 8–9 million tons of coal a year***, with no interconnection queue and no turbine backlog.

Reality check: Mines and rail have been sized for decline (production is forecasted to drop from 528 to 497 MMst by 2027), so a pivot to higher utilization needs lead time.

Source: EIA Electric Power Monthly Table 6.07.A; EIA STEO Sept 2026; TVA Board (2/2026); DCD, Southern Co. (2026); EPA, 91 FR 58954; *Estimate: 162 GW (EIA end-2026) × 1% × 8,760 h; tons scaled from 2025 burn (417 MMst at 48.7%).

INVENTORY

Coal stockpiles are at typical levels ahead of Winter

98.5 million tons

Utility coal stocks, September 2026, vs. a five-year September average of 100.5

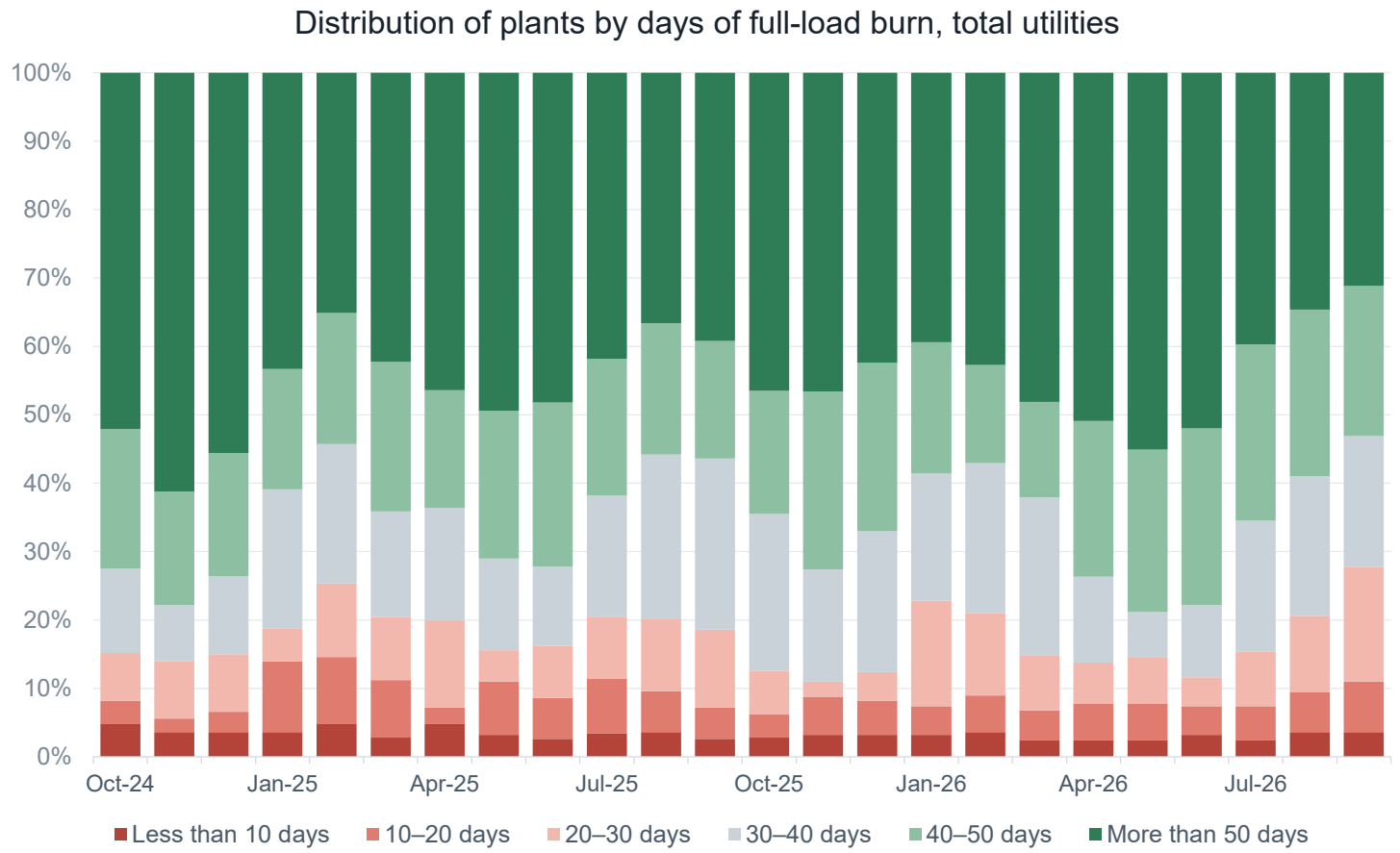
48 days

Average days of full-load burn, September 2026, vs. a five-year September average of 44

28%

Share of plants below 30 days of full-load burn, September 2026 (19% a year earlier)

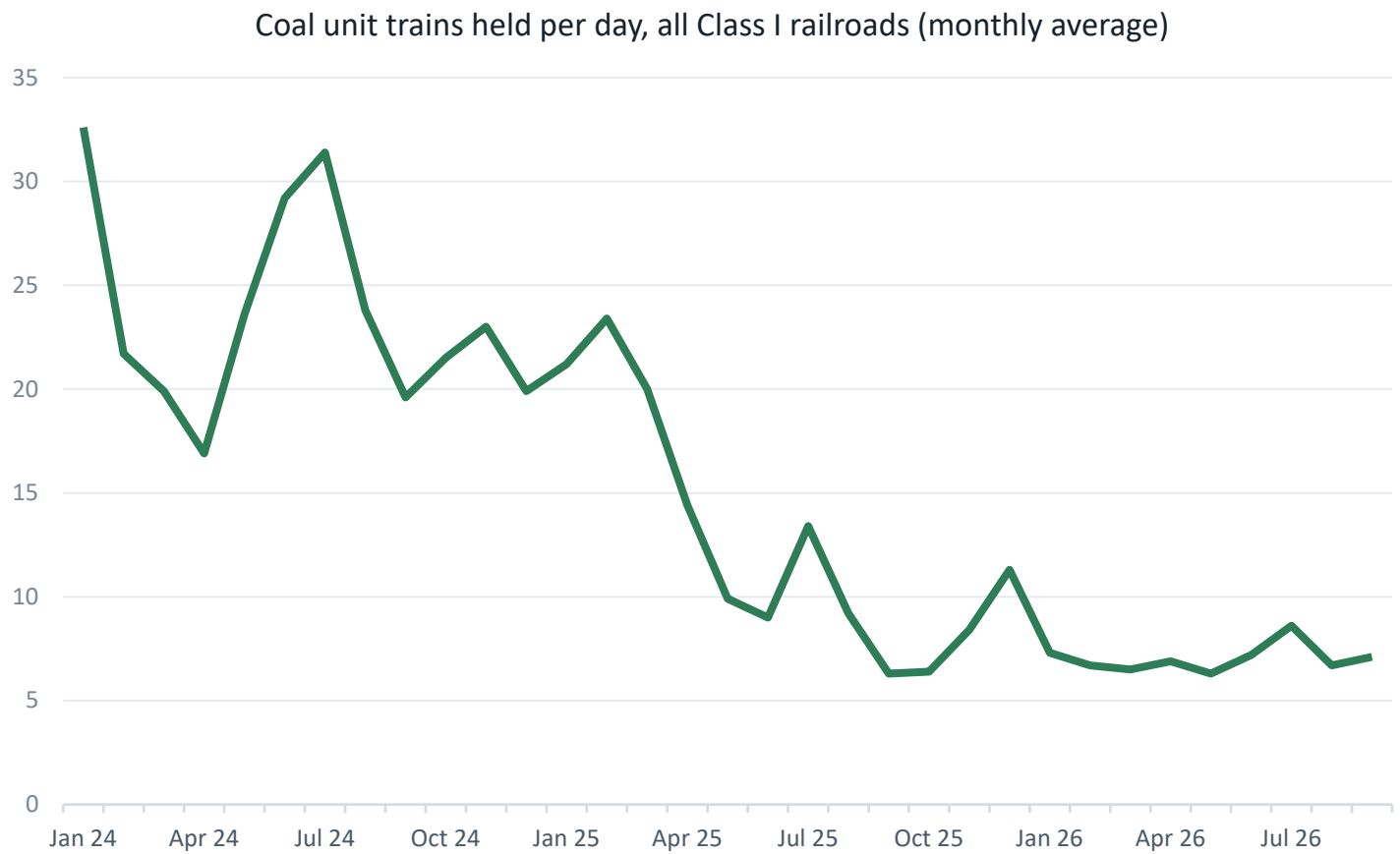
EVA:. YTD receipts −3.9%; YTD burn −6.9%.



Source: Energy Ventures Analysis, Coal Stockpile Report, September 2026 (total utilities; participation rate 63%). FLB = full-load burn.

RAIL SERVICE

Coal trains held are at their lowest since STB reporting began in 2017



–48%

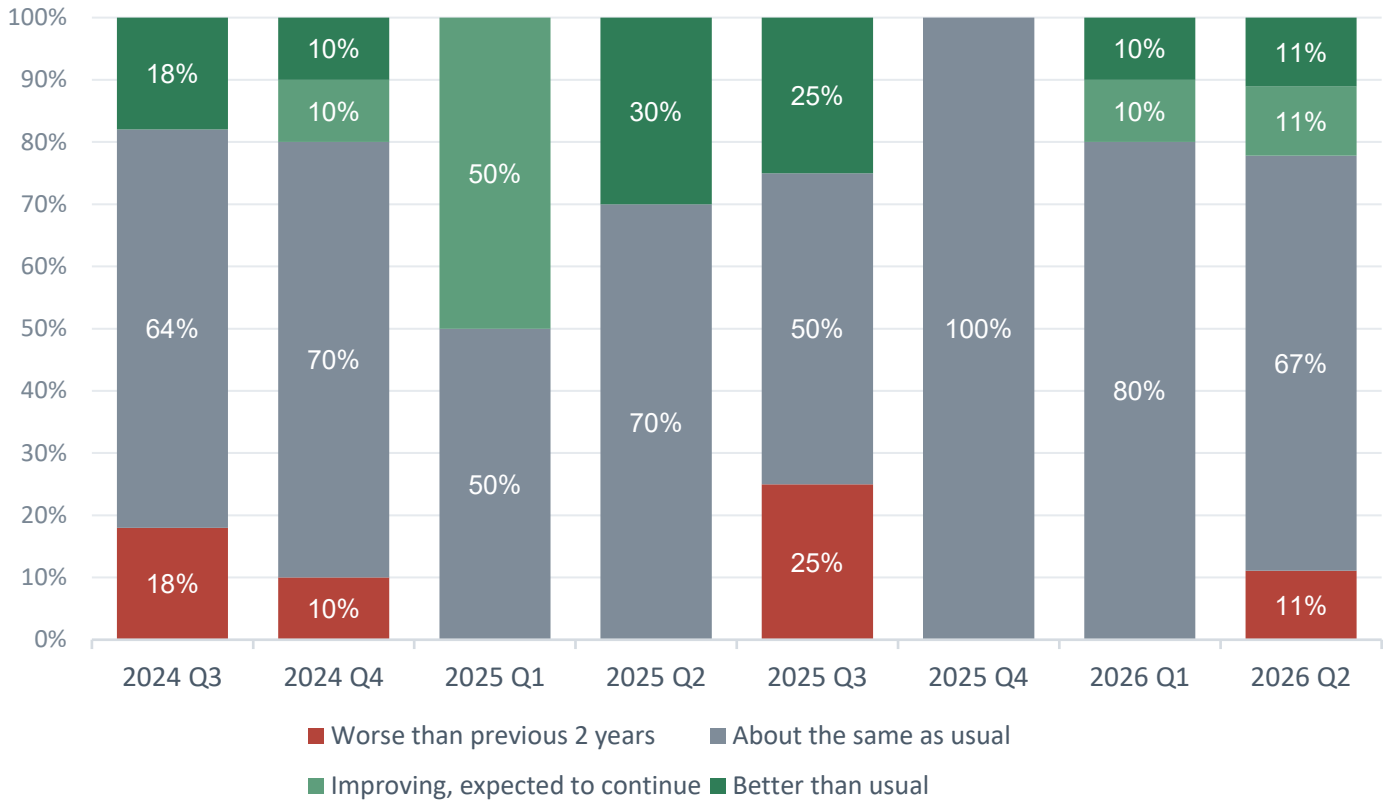
coal unit trains held per day, Jan–early Oct 2026 vs. same period 2025 (13.7, down to 7.1); 24.0 in 2024

Held per day, by cause	2024	2025	2026
Crew	9.9	5.3	**2.2**
Locomotive power	2.3	1.4	**0.4**
Other	11.8	7.0	**4.5**

Crew shortages were among the top issues in last year's shipper survey. Crew and locomotive holds are now the lowest since STB reporting began in 2017.

Source: STB EP 724 railroad service metrics (via USDA AgTransport), all reporting Class I railroads, Jan 2024 – week ending 10/9/2026 (chart through September). Year comparisons use the first 41 weeks of each year (through early October).

Shipper survey: after a clean Q1, Q2 2026 complaints rose for pick-ups, locomotive power and crews



Issues reported by responding plants

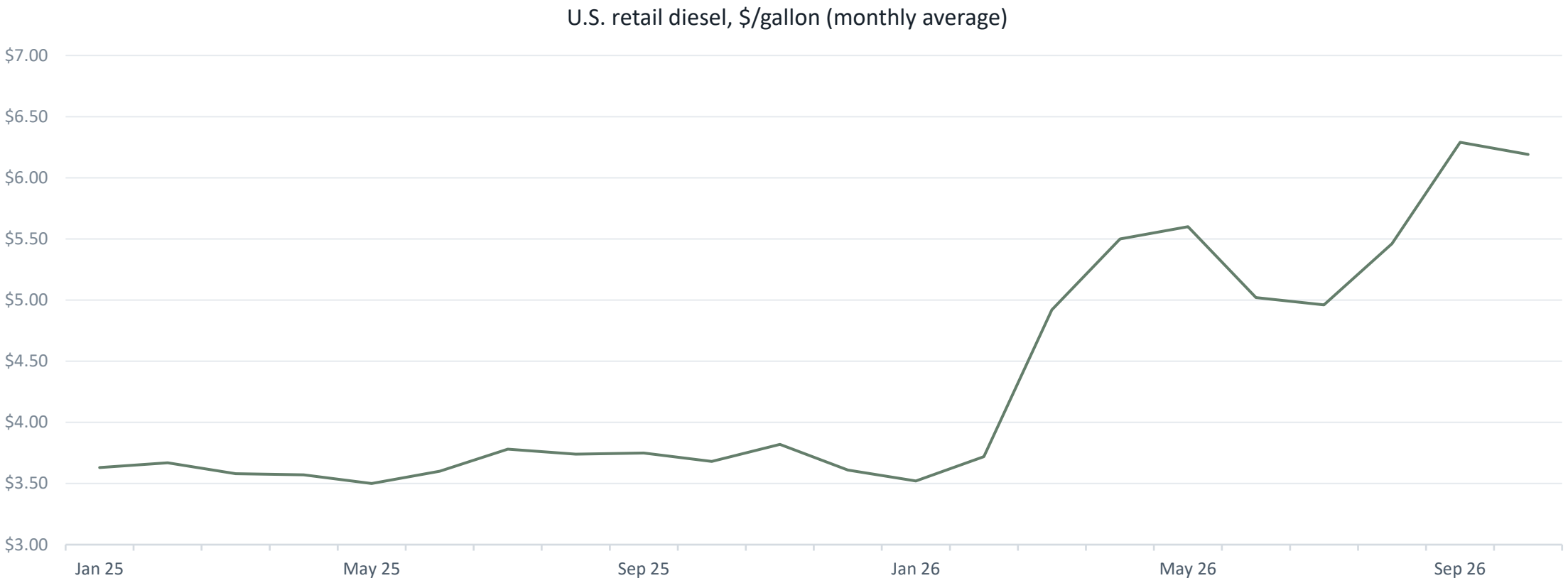
Issue	Q4 2025	Q1 2026	Q2 2026
Delayed train pick-ups	25%	0%	**57%**
Lack of locomotive power	50%	13%	**43%**
Lack of crews	50%	13%	**29%**
Poor communication	0%	0%	**29%**
Increased charges / demurrage	50%	25%	**29%**
Longer transit times	25%	0%	**14%**
Trains doubled in transit	50%	50%	**14%**

Cycle times, Q2 2026: 13% worse, 70% about the same, 17% better than usual (Q1: 0% / 74% / 26%).
Delayed pick-ups (57%) replaced doubled trains as the top complaint. Of plants that missed nominations, 57% cite their own high inventory.

Source: NCTA / FRCA / NRECA utility shipper survey. Plants reporting: 2024 Q3–Q4 39; 2025 Q1 11, Q2 31, Q3 25, Q4 12; 2026 Q1 24, Q2 24. Not every plant answers every question (Q2 2026 issue shares reflect ~7 responses; 14% = 1). Charges question wording clarified (increased charges / demurrage). Respondent identities protected.

WHAT WE'RE WATCHING

Heading into winter: diesel costs



$6.18/gal on Oct 12 vs. $3.66 average in 2025 (+69%). Flows through to fuel surcharges and ultimately coal unit dispatch.

EIA weekly U.S. No. 2 diesel retail price (Oct 2026 = month to date, through 10/12)

CALL TO ACTION

Partnering for transparency: share more, and share it earlier

Demand growth, retirement reversals, fuel costs and winter weather create uncertainty for all of us. Earlier information sharing is how the supply chain avoids surprises.

1 Utilities

- Rolling 12-month burn and nomination outlooks (non-binding)
- Flag retirement, extension and utilization changes as soon as they are public
- Stockpile targets and planned outages
- Pass through visibility from long-term capacity contracts

2 Coal producers

- Advance notice of mine outages or, production changes
- Clarity on how far each mine can flex up or down
- Early word on coal-quality shifts

3 Railroads

- Early warning of crew, locomotive and maintenance constraints
- Train-level ETA visibility
- Recovery plans after events or interruptions (weather, derailments)
- Advance notice of new or changed charges

TOGETHER

Pre-winter and pre-summer readiness calls

Named escalation contacts at every level

Longer-term agreements that share both risks and benefits

Use RETAC to share what's working

Key takeaways

1. **Coal trains held are the lowest since STB reporting began in 2017.** Thank you to the railroads and crews delivering it.

2. **Demand is at a record; the coal fleet is being kept longer.** But burn is lower and less predictable, and keeping a unit is not running it.

3. **Data centers are changing who pays and how load is served.** The Ratepayer Protection Pledge provides an interesting opportunity for investment in the existing coal fleet.

4. **Winter watch items:** eastern origin dwell, diesel-driven surcharges, stockpile management.

5. **Let's partner on transparency.** Share more / share earlier, across utilities, producers and railroads.

Thank you

Appendix

EPA actions · EVA deliveries · Rail metrics detail · Survey detail · Sources

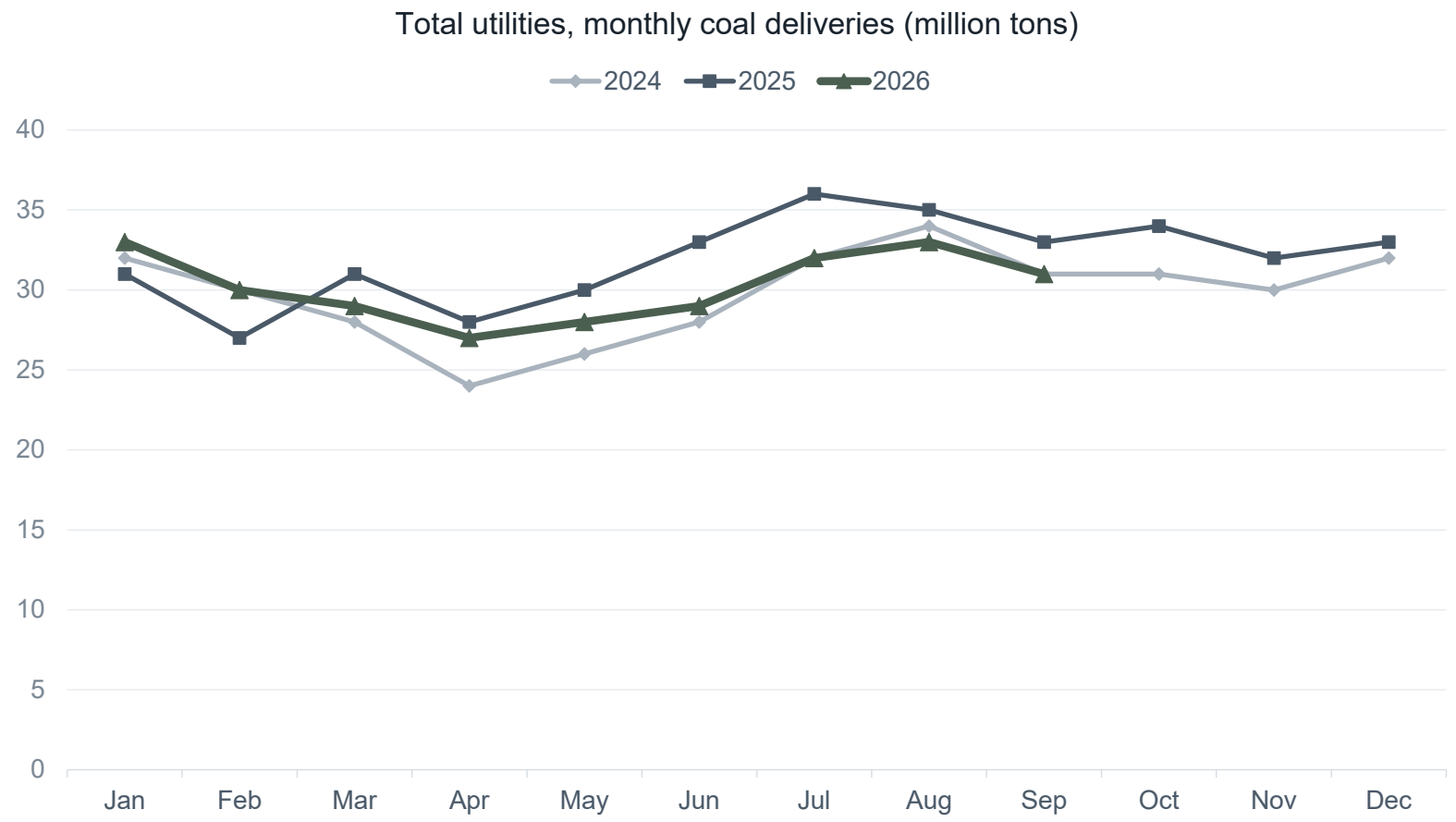
Recent EPA actions extend coal-unit availability more than they change near-term burn

Action	Status	What changed	Near-term effect on burn
Carbon Pollution Standards (2024)	Partial repeal final 9/14/26; effective 11/16/26. Proposal to repeal all remaining power-plant GHG standards.	Removes 2030 natural-gas co-firing (units retiring before 2039) and 2032 CCS (units running past 2039).	Minimal. Removes the 2030–32 retirement trigger.
MATS 2024 amendments	Repeal final 2/19/26; effective 4/27/26	Back to 2012 standards; drops tighter PM limit, lignite mercury limit and PM CEMS. EPA est. $670M savings (present value, 2028–37; ~$78M/yr).	Negligible. Spares retrofit-or-retire decisions, esp. lignite.
Steam electric wastewater (ELG)	Final 12/2025; corrected 1/2026	Zero-discharge deadline 2029 → 2034; cessation-election notice due by 2031.	Removes a 2029 retirement trigger.
Coal ash (CCR)	Legacy-unit deadline extension final 2/2026; more amendments proposed 4/2026	More time for facility evaluations and groundwater monitoring.	Shifts compliance spending, not burn.
Regional Haze / Good Neighbor	Haze SIP due date 2028 → 2031 (final 1/2026); Good Neighbor phase 1 proposed (FR 1/30/26)	EPA does not expect plants to close to meet haze requirements; eight state ozone plans proposed for approval (incl. KY, TN).	Fewer federally driven retirement dates.

Net: near-term burn is still driven by gas prices, load and weather (EIA: −8% in 2026). Expect litigation; durability is uncertain, which weighs on long-term investment in plants, mines and rail.

Source: EPA, 91 FR 58954 (9/17/2026) and supplemental proposal 91 FR 59002; MATS final repeal, FR 2/24/2026; ELG deadline extensions, FR 12/31/2025 (corr. 1/30/2026); CCR deadline extension, FR 2/10/2026; Good Neighbor fact sheet (1/2026); Regional Haze, FR 1/6/2026 and proposed rule FR 6/8/2026.

Coal receipts are running 3.9% below 2025, but EVA expects deferrals to end before winter



Jan–Sep receipts

272.1 mmt

vs. 283.2 in 2025 (−3.9%)

Jan–Sep burn

288.6 mmt

vs. 309.9 in 2025 (−6.9%)

September receipts fell to 30.6 mmt, trailing burn, but EVA expects no further deferrals ahead of winter with inventories near normal.

Source: Energy Ventures Analysis, Coal Stockpile Report, September 2026 (total utilities; monthly values as published, rounded to the nearest million tons).

Every Class I is running normally or better

	2024				2025				2026		Last 10 wks
Railroad	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	L10W
UP	3%	3%	4%	9%	6%	10%	15%	22%	22%	19%	**16%**
BNSF	-7%	-1%	9%	15%	13%	19%	18%	19%	16%	10%	**11%**
CSX	21%	18%	18%	9%	3%	10%	24%	23%	12%	6%	**12%**
NS	-2%	3%	9%	9%	9%	4%	9%	8%	9%	-9%	**-1%**
CN	-1%	0%	1%	2%	-16%	3%	4%	3%	-6%	2%	**1%**
CPKC	1%	6%	-5%	-5%	-4%	-2%	-2%	10%	8%	20%	**9.7%**

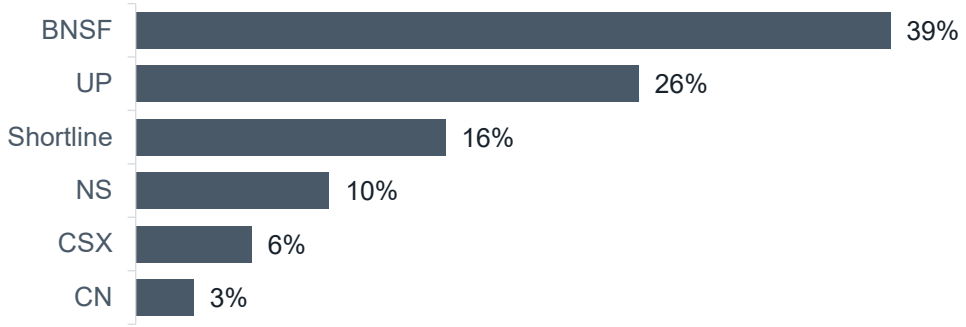
Turning assets >10% faster than post-recession average Within 10% of average >10% slower

Coal specifically: CSX coal train speed is just off a four-month high and its slow-to-move coal cars fell from 70 to 11; BNSF slow-to-move coal cars are at a 10-week low (data through 10/2). Score = equally weighted velocity + terminal dwell vs. each railroad's post-recession average (Q1 2010–present).

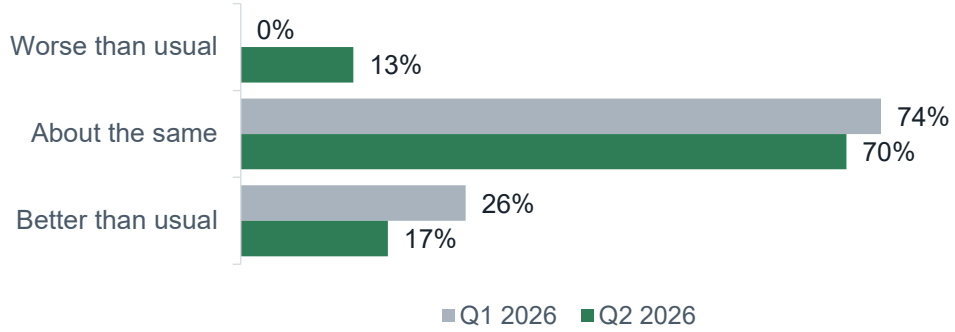
Source: Rick Paterson, The State of the Rails: Peak Intermodal Volume Pressure at Union Pacific (10/9/2026), pp. 4 and 18, from STB data. Full 2010–2026 matrix in the report.

Shipper survey detail, Q2 2026 (24 plants)

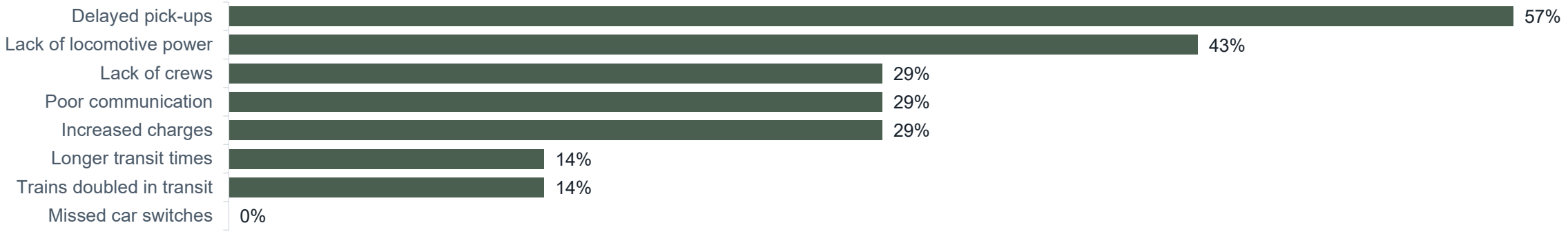
Railroads serving responding plants



Average round-trip cycle time vs. typical



Service issues experienced, Q2 2026 (check all that apply)



Source: NCTA / FRCA / NRECA utility shipper survey, Q2 2026 (24 plants reporting; Q1 2026 for comparison). Respondent identities protected.

APPENDIX

Sources

- EIA, Short-Term Energy Outlook, September 2026 (released 9/9/2026)
- EIA, Electric Power Monthly, Table 6.07.A (coal capacity factors)
- EIA, weekly U.S. No. 2 diesel retail prices (through 10/12/2026)
- STB, EP 724 railroad service metrics, via USDA AgTransport (dataset axkm-yjzy), through week ending 10/9/2026
- NERC, 2025 Long-Term Reliability Assessment (January 2026)
- NCTA / FRCA / NRECA utility shipper survey, through Q2 2026 (24 plants)
- Energy Ventures Analysis, Coal Stockpile Report, September 2026
- Rick Paterson, The State of the Rails: Peak Intermodal Volume Pressure at Union Pacific (10/9/2026)
- White House, Ratepayer Protection Pledge (3/4/2026); Federal Register (3/9/2026)
- EEI statement on the Pledge (7/23/2026); POWER, Pledge expansion and H.R. 9340 (7/2026); House Roll Call 312 on H.R. 9340 (9/16/2026); Brookings (2026)
- Hallador Energy, Form 8-K (5/6/2026); Latitude Media on Merom (5/2026)
- Cleanview, Behind-the-Meter Data Centers (2026); GE Vernova Q2 2026 8-K (7/22/2026); Utility Dive on Siemens Energy
- TVA Board action on Kingston and Cumberland (2/2026); DCD on Southern Co. and Evergy coal extensions (2026)
- EPA, Partial Repeal of Carbon Pollution Standards, 91 FR 58954 (9/17/2026) and 91 FR 59002
- EPA, MATS final repeal (FR 2/24/2026); ELG deadline extensions (FR 12/31/2025); CCR deadline extension (FR 2/10/2026)
- EPA, Regional Haze SIP extension (FR 1/6/2026); Wyoming haze FIP proposal (FR 6/8/2026); Good Neighbor phase 1 fact sheet (1/2026)