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Diablo Canyon retirement would spike California gas prices: Analyst

The retirement of Pacific Gas & Electric's (PG&E) 2,200MW Diablo Canyon nuclear powerplant would expose consumers in the state to increased energy costs, including from natural gas, according to Energy Analytics.

Energy Analytics consultant Laird Dyer said he doubted that California would actually retire Diablo Canyon, but he added that there would have to be some sort of negotiation with the Nuclear Regulatory Commission to get the power plant relicensed. He was speaking today before the LDC Rockies & West Gas Forum in Denver, Colorado.

PG&E said in its most recent earnings call that California governor Gavin Newsom (D) asked the company to delay the retirement of Diablo Canyon, currently set for 2024-25. Newsom recently asked lawmakers for a loan to help delay the retirement.

The 2,200MW Diablo Canyon powerplant makes up 9.3pc of California's in-state generation, according to the California Energy Commission. The state's governor's office issued a memo estimating that the powerplant makes up 17pc of the state's zero-carbon electricity supply.

"You take that off the table, you're going to have to find a substitute. It isn't wind, solar and batteries," Dyer said, adding that natural gas makes up about 40pc of California's in-state electricity generation.

Were Diablo Canyon to be retired, natural gas would be used to make up the majority of the 2,200MW loss during times when solar energy was unavailable. Gas prices in California regularly hold a premium to the US benchmark, the Henry Hub.

The LDC Rockies & West Gas Forum continues through Wednesday.

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