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New Report Finds Rising Cost of New Gas Plants Outpacing Planning Assumptions

Increased prices span turbine production, transformers price surges, and labor costs

The cost of new gas combustion turbine (CT) and combined cycle gas turbine (CCGT) power plants in the United States will likely persist and increase, according to market data analysis conducted in collaboration by GridLab, Energy Futures Group, and Halcyon. Recent costs of combined-cycle gas turbine projects report costs of $2,000/kW, significantly outpacing reported costs of plants scheduled for completion in 2026 and 2027, $1,116/kW to $1,427/kW respectively.

READ the report.

“From construction to fuel to pipeline costs, the cost of new gas is rising,” said GridLab Executive Director Ric O’Connell. “When seeking the most affordable way to meet new demand, planners must update their cost assumptions on building new gas plants and consider alternatives that could be installed for far less.”

Using data from utility Integrated Resource Plans (IRPs) and Certificates of Public Convenience and Necessity (CPCNs), publicly-available datasets, and recent financial reports from major gas turbine original equipment manufacturers, the analysis supports the conclusion that rising costs of new gas plant construction will likely persist.

One of the key aspects of the analysis underscores an issue of public datasets underestimating current market costs, creating a significant disconnect between conventional cost assumptions and market realities. This disconnect can lead to flawed capital planning and timelines causing affordability and reliability issues in state planning.

"Gas capital costs have been increasing at a pace that outstrips inflation. The data presented in this paper suggest that this upward trend is likely to continue as long as demand for turbines remains strong," said Anna Sommer, Principal of Energy Futures Group.

The report can be downloaded here.

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Energy Futures Group (EFG) a clean energy consulting company focused on integrated resource planning as well as design, implementation, and evaluation of programs and policies to promote investments in efficiency, renewable energy, other distributed resources, and strategic electrification. EFG has performed IRP modeling and critically reviewed IRPs in over a dozen states, provinces, and territories.
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Halcyon is a software platform that uses AI to make it easy to find and analyze energy information.
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