Trump embraces ‘beautiful, clean coal’ to power America’s AI push

President’s support raises hopes of mining communities but analysts see little to attract investors

Financial Times Europe
09 janv. 2026
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Wyoming coal miners at Peabody’s North Antelope Rochelle Mine hold bitter memories of former president Joe Biden, who urged them to “learn to program” as part of a jobs transition aimed at shutting their industry.

But little more than a year after Donald Trump won re-election, the mood is much brighter at the mine 65 miles south of the city of Gillette — with employees celebrating the end of the “war on coal” in red hats emblazoned with “MAKE THE POWDER RIVER BASIN GREAT AGAIN”, a reference to the coal-rich region.

“This idea that coal is dying is one I’d like to shoot an arrow in and kill,” said Peabody chief executive Jim Grech. “[The Trump administration] sees the need to win the [artificial intelligence] race, and how do you do that? You turn to your coal fleet.”

Since entering the White House for his second term, Trump has embraced “beautiful, clean coal” in response to soaring electricity demand fuelled by data centres.

Demand for electricity in the US is expected to climb at a 2.5 per cent compound annual growth rate through to the end of 2035, according to Bank of America, compared with a 0.5 per cent rate in the previous decade.

Because coal can provide continuous power — unlike intermittent renewables — it is seen as a more reliable energy source to fill generation gaps.

In the first half of 2025, electric utilities’ consumption of coal increased 11 per cent compared with the previous year, according to data from the Energy Information Administration (EIA). Production, too, has risen by a modest 5 per cent to 260.4mn short tons. Through Trump's executive orders, the Department of the Interior has opened 13mn acres of public land for mining and cut royalties, payments the federal government collects from coal producers, from 12.5 to 7 per cent of the value of the coal produced.

"Pound for pound, coal is the single most reliable, durable, secure and powerful form of energy," Trump said at an April executive order signing. "It's cheap, incredibly efficient, high density and it's almost indestructible."

The Department of Energy has forced at least five coal power plants to stay open past their scheduled 2025 retirement date. It has also pledged $625mn to retrofit and upgrade plants.

Large utilities, such as Duke Energy, Xcel and Southern Company, have announced they will extend the lives of coal plants they had expected to retire.

Coal country politicians hope the White House's support will give the industry a second wind.

"What Trump has done is take the stigma off of it," Wyoming Governor Mark Gordon told the Financial Times.

His state, which is covered in vast open pits where football field-sized cranes and 400-tonne yellow diggers excavate coal, has been hit hard by employment and tax revenue losses as a result of the industry's decline.

Coal is also being buoyed by an uptick in natural gas prices, with the US benchmark Henry Hub price gaining about 12 per cent since 2024. Because both provide continuous power, utilities are more likely to opt for coal when the price of natural gas increases.

However, analysts say that despite the government's efforts, coal is in structural decline and the push is unlikely to lead to the construction of new mines or plants.

Even with AI-fuelled demand, the EIA expects consumption to dip in 2026 as more renewables come online.

Attempts to encourage new mining have yielded mixed results. In October, the interior department postponed a lease sale in Wyoming after a project in Montana flopped; the only bid, from the Navajo Transitional Energy Company, was one-tenth of a cent per tonne for 167mn tonnes of coal. While prices have moved up slightly in 2025, the paltry demand underscores investors' apathy towards coal.

"It would be challenging to justify spending on new production capacity," said Andy Blumenfeld, a coal analyst at McCloskey by OPIS. "I would think that prices would need to be at a bare minimum 10 per cent higher to begin to attract even modest attention."

Coal plants are likely to continue closing or be converted to natural gas.

Seth Feaster, a coal analyst at the Institute for Energy Economics and Financial Analysis, said that while the Trump administration was using "the bully pulpit" to keep plants open, US coal-fired capacity would fall to 119 gigawatts by 2030, a 63 per cent decrease from its 2011 peak.

"Most of the coal plants in this country are ageing and getting more expensive to maintain," he said. "We're arguing over this year or next year but ultimately they're closing."

The industry has also been hit by Trump's trade war, with thermal and metallurgical coal exports dropping 10 per cent and 13 per cent, respectively while the price of mine equipment has soared because of tariffs. "When you're trying to move a cargo of coal into India, those customers are uncertain what the tariffs [are going to] be on them," said Core Natural Resources chief executive Jimmy Brock. "No one will contract for longer periods of time."

In coal communities such as Gillette, the response to Trump's support for the industry is mixed. Lynne Huskinson, a former coal miner and Powder River Basin Resource Council board member, worries that tax breaks for coal companies will hurt the state's finances. States typically receive half of the revenues from federal leases.

"The way they changed the royalty rates is going to hurt," she said. "Coal companies don't need that help."

Gillette mayor Shay Lundvall calls Trump's support a "huge win", but wants to diversify the city's economy to blunt the impact of downturns. He is leading initiatives to bring a nuclear fuel recycling plant and manufacturing to the city.

"We know you're one administration away from a continued fight," he said. "You want to be optimistic but I am a realist."