

COAL'S ROLE IN ACHIEVING ECONOMIC GROWTH AND ENVIRONMENTAL STABILITY NOVEMBER 1998

PURPOSE

This report was authorized in February 1998 by former Secretary of Secretary Federico Pena in response to a request by the National Coal Council. The focus of this report is sustaining the long-term economic growth and development of not only the U.S. but the rest of the world as well, while using coal and addressing the most pressing environmental issues of the day, global climate change.

RECOMMENDATIONS

- *Coal's role.* Near-term climate change responses should take into account the existing U.S. energy infrastructure in order to be economically feasible and practical.
- The Department should continue and strengthen the development of sound, realistic assumptions for the relative roles of coal, nuclear, hydro and other renewables, and natural gas in energy production in near-, mid-, and long-term scenarios for the U.S.
- *Fuel diversity.* The Department should continue to support U.S. and world coal usage and the enabling advanced clean coal technology improvements both in the near- and mid-term. This strategy will preserve a range of fuel options and thus protect against production upsets, interruptions, and price increases in other fuel sources.
- *Technology portfolio.* The Department should maintain a vigorous clean coal utilization research and development program to continue to reduce the cost of clean electric generation. Successful partnerships with private industry to develop and implement coal technology advances on a timely schedule will depend on equitable structuring of costs, risks, and rewards. The Department should exploit its leadership role to support such arrangements.
- *Carbon sequestration.* The Department should participate technically and financially in establishing and carrying out an aggressive research and development program for CO₂ capture, transport, sequestration, and trading.

A well thought out and carefully implemented global reductions trading program is crucial to developing the flexibility required to achieve emissions goals at acceptable economic impact. An international trading program should incorporate credit for early actions including reductions from forestation and agricultural practices.