

THE NEAR TERM ROEL FOR COAL IN THE FUTURE ENERGY STRATEGY OF THE UNITED STATES JANUARY 1992

PURPOSE

This report presents the National Coal Council's recommendations to the Secretary of Energy regarding the use of coal in the energy strategy of the United States within the next 10 years. It discusses critical issues facing coal production, transportation, and utilization.

With the political transformation of the Eastern Bloc nations, the rise of market economies, and the globalization of the world economy, the world energy market has great potential for instability in the 1990s. For example, it is estimated that the world's energy consumption will increase by 50% between 1992 and the year 2000. The National Coal Council strongly believes that the increased use of coal in the energy strategy of the United States is critical to our economic health and national security. The Council believes that the reasons for the increased use of coal in the United States are compelling. Availability, security of supply, economic benefits, environmental considerations, transportation infrastructure, and technological developments collectively point to the advantages of greater reliance on coal in the United States than in other nations.

FINDINGS

Coal is the United States' most plentiful fossil energy resource:

- Coal represents 95% of our fossil fuel reserves.
- Domestic gas and oil will be depleted in the next century; domestic coal reserves will last for at least the next 250 years.
- Domestic coal consumption mitigates the need for imported gas and oil and reduces the trade deficit.
- Export of United States coal creates a favorable balance of trade.
- Domestically produced coal adds to our national energy independence and security.

Coal is our most economical and price-stable fossil fuel:

- Coal's delivered price is lower than that of gas or oil.
- In the past 20 years, coal's delivered price has been lower and more stable than other fossil fuels.
- Coal is forecasted to retain a significant price advantage over other fossil fuels and alternative methods of electric generation.

Coal's economies promote increased electrical intensity:

- In the United States, 57% of the electrical generation is coal-fired, and 85% of the coal consumed is used to generate electricity.
- Efficient electrical generation supports the GNP and promotes GNP growth.

Coal supports our industrial infrastructure:

- The United States' existing industrial base and indigenous employment base are supported by coal.

- Coal utilizes and promotes investment in America's railroads, waterways, highways, and ports.
- Coal production, transportation, and electrical generation are long-term, capital-intensive enterprises that require a rational, stable, and predictable public policy.

A reasonable balance of environmental and economic policy is required:

- Recent and ongoing technological improvements promote environmental compatibility.
- Pre-combustion, combustion, and post-combustion cleaning and NO_x controls are deployable in the near term.
- Integrated gasification combined cycle technology benefits the environment and increases electric generation efficiency.

RECOMMENDATIONS

The Secretary of Energy should:

- Work with the appropriate federal and state agencies to seek balanced solutions to energy and environmental issues.
- Exercise leadership to ensure that scientific analysis is the basis for policy decisions regarding global climatic change.
- Promote a marketplace environment that supports the utilization of coal as our most economical energy resource.
- Facilitate the exchange of technology developments to encourage coal development and coal export.