

VISION 2020: THE ROLE OF COAL IN U.S. ENERGY STRATEGY FEBRUARY 1997

PURPOSE

In September, 1995, then Secretary of Energy Hazel R. O'Leary requested that the National Coal Council undertake a study of the contributions to be made by coal to the nation's future energy requirements and outline this vision for the industry over the following 25 years. The former Secretary asked the coal industry to define how coal can continue to be a fuel source for producing low-cost electricity in the future, identify the potential impediments that would keep the coal industry and our nation from realizing that goal, and determine ways that both the coal industry and the Department of Energy can minimize those roadblocks.

FINDINGS

The study examined the long range role of coal in fulfilling a vital portion of the nation's future energy needs. The report addresses underlying misconceptions about the fuel, and probes the positive contribution coal can make to help the nation meet its future energy, economic, and environmental objectives. The report points out that:

Consumers in the U.S. demand low-cost electricity. According to the Energy Information Administration, the demand for electricity is continuing to grow at about 2% per year.

Over 55% of the electricity generated by electric utilities in the U.S. comes from coal-fired sources. Low-cost electricity is the direct result of using low-cost coal.

The use of coal to generate electricity provides benefits such as jobs, a competitive economy, a high standard of living, and less dependence on imported oil.

Modern use of coal is clean and efficient, thanks to advanced technologies such as those developed in DOE's Clean Coal Technology Program. Electric generation from coal has increased substantially, yet emissions of pollutants have decreased.

More stringent environmental programs and global climate change policies are being proposed that would restrict or reduce the use of coal. If enacted they will put our energy independence, perhaps even the U.S. economy, at risk.

DOE should facilitate and support the development and application of mid-term and long-term coal technologies that are very efficient and have very low emissions to further the electrification of the U.S. economy. This can be achieved through demonstration of the benefits of integrating low-cost coal generation with the increased use of electric technologies, and the exploration of technologies that utilize coal along with alternative domestic fuels, such as solid waste or biomass.

DOE, in partnership with the coal industry, should promote the use of highly efficient coal-fueled technologies, along with electric technologies, in developing countries in order to improve air quality and lower the emissions of CO₂ per unit of electricity produced. Enhancements to these technologies will then be available for implementation in the U.S., providing benefits to U.S. consumers.

DOE, in partnership with the coal industry, the U.S. Agency for International Development (AID), and the U.S. Department of State should encourage the use of clean coal technologies as a leading source of power generation in foreign development and within investment for agencies (for example: the World Bank Global Environmental Facility; the Export-Import Bank; and the Asian, South American, North American, and African regional development banks), and highlight these benefits within the context of various international negotiations.

DOE should study the effects of eliminating taxes, fees, and policies that inhibit competitiveness of U.S. coal internationally, and encourage enforcement of trade agreements that promote the use of U.S. coal by foreign nations.

DOE and the Department of State should work together in the formation of foreign policy to ensure that resulting energy directives do not run counter to domestic economic concerns and negatively impact jobs, Gross Domestic Product (GDP), and the delivered price of electricity to U.S. consumers. In addition, a review of foreign assistance programs is necessary to address those negatively impacting domestic coal industry interests, national energy strategy, and balance of trade.